



INTERNATIONAL
TRADE
ADMINISTRATION

2015 Top Markets Report **Travel and Tourism**

A Market Assessment Tool for U.S. Exporters

July 2015



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Executive Summary and Key Findings

The global growth of outbound travel represents an unprecedented opportunity to increase U.S. travel and tourism exports. According to the United Nations World Tourism Organization (UNWTO), international visitors spent an estimated \$1.2 trillion globally on travel and tourism in 2013. However, the U.S. share of global expenditures has declined over the last decade. With so much revenue at stake, governments around the world are trying to lure would-be travelers to their countries with facilitative policies and aggressive marketing. As incomes around the world continue to rise and the demand for travel and tourism continues to grow, so too, will the competition for international arrivals and spending. Few industries have the job-creating potential seen with the travel and tourism industry, so focusing U.S. efforts on these top markets could pay tremendous dividends.

As one of America's largest employers, the U.S. travel and tourism industry is profoundly important to the U.S. economy. Travel and tourism has grown into a \$1.5 trillion industry that supports nearly 7.6 million U.S. jobs, 1.1 million of which are supported by travel and tourism-related exports. Indeed, one out of every 18 Americans is employed by travel and tourism-related businessesⁱ, businesses that pay out more than \$220 billion in employee compensation each year.ⁱⁱ

Everyone benefits from travel and tourism, not just the travel and tourism industry. Travelers—and their spending—help support local communities and small businesses; schools, banks, and infrastructure; farms, museums, shopping malls and family-owned restaurants. Travel and tourism generates billions in local, state, and federal taxes, nearly \$1,100 per household.ⁱⁱⁱ Quite simply, travel and tourism supports America.

Each day in the United States, international visitors inject more than \$588 million into the U.S. economy while experiencing all that America has to offer. In fact, international visitors spent a record-breaking \$215 billion in the United States in 2013, an increase of more than seven percent when compared to 2012. Conversely, U.S. residents spent an estimated \$137 billion abroad in 2013, resulting in a balance of trade surplus of more than \$78 billion—the 25th consecutive year that the United States has enjoyed a favorable balance of trade for travel and tourism.

Travel and tourism has become a significant industry in U.S. trade. Travel and tourism exports now account for nearly one-third (31 percent) of all U.S. services exports and more than nine percent of all U.S. exports, positioning travel and tourism as America's largest services producing industry. Every one dollar spent directly on travel and tourism-related goods and services generates an additional \$0.72 of output in ancillary industries (e.g., toiletries for hotel guests, fuel for airplanes, linens for restaurants); therefore, an additional \$10 billion in tourism spending could translate into an additional \$16.8 billion for the U.S. economy.

Market Intelligence: Understanding the Overseas Traveler

Here is what we know about overseas travelers to the United States:

Regions and Countries of Origin—Nearly 38 percent of all overseas arrivals in the United States came from Western Europe in 2013, followed by Asia (28 percent), South America (16 percent), Oceania (four percent), and the Caribbean (four percent). The Middle East, Eastern Europe, and Central America each accounted for three percent of overseas arrivals, while Africa accounted for the fewest overseas arrivals (one percent). The United Kingdom produced the largest number of overseas arrivals (3.8 million), followed by Japan (3.7 million), Brazil (2.1 million), Germany (1.9

Figure 1: Projected Top Markets for Travel and Tourism Exports

- | | |
|-------------------|---------------|
| 1. Canada | 6. Brazil |
| 2. Mexico | 7. Germany |
| 3. China | 8. France |
| 4. United Kingdom | 9. Korea |
| 5. Japan | 10. Australia |
| | 11. India |

million), and China (1.8 million) rounding out the top five overseas origin markets in terms of arrivals, or 42 percent of all overseas arrivals.

Ports of Entry—New York, New York was the top U.S. port of entry used by overseas travelers visiting the United States in 2013, welcoming 18 percent of all overseas arrivals. New York was followed by Miami, Florida (15 percent), Los Angeles, California (10 percent), Honolulu, Hawaii (seven percent), and Newark, New Jersey (six percent). These five ports of entry cumulatively account for more than half (56 percent) of all overseas arrivals to the United States.

Purpose of Trip—As to the main purpose of their trip to the United States, the majority of overseas arrivals reported they were on vacation or holiday (57 percent), followed by visiting friends and relatives (17 percent), business (12 percent), convention/conference/trade show (seven percent), and education (five percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 22 percent and 79 percent, respectively.

U.S. Destinations Visited: States and Cities—New York was by far the most popular U.S. state visited by overseas travelers, having welcomed nearly one-third (31 percent) of all overseas visitors in 2013, followed by Florida (23 percent), California (20 percent), Hawaii (10 percent), and Nevada (nine percent). The U.S. cities most frequented by overseas visitors in 2013 included New York City (30 percent), Miami (13 percent), Los Angeles-Long Beach (12 percent), Orlando (12 percent), and San Francisco (10 percent).

Number of States Visited—The overwhelming majority (72 percent) of overseas travelers visited only one state during their stay in the United States; slightly more than 16 percent visited two U.S. states; and 12 percent of overseas travelers visited three or more U.S. states. Intuitively, the data suggest that those who have been here before (repeat visitors) were most likely to visit one U.S. state; first-time visitors, however, were more mobile and more likely to visit more than one U.S. state during their stay.

Leisure Activities—The top leisure activities of overseas visitors are shopping (88 percent), sightseeing (77 percent), experiencing fine dining (39 percent), visiting national parks and monuments (34 percent), visiting art galleries and/or museums (28 percent), visiting amusement/theme parks (28 percent),

traveling to historical locations (27 percent), traveling to small towns/countryside (27 percent), guided tours (24 percent), and attending concerts/plays/musicals (18 percent). Some other activities with double-digit participation rates include visiting cultural/ethnic heritage sites (16 percent), nightclubbing/dancing (16 percent), sporting events (13 percent), and water sports (10 percent).

Transportation Used in the United States—In 2013, the mode of travel most popular with overseas visitors while in the United States was the use of a taxicab/limousine (35 percent), followed by rental cars (33 percent), air transportation between U.S. cities (33 percent), city subway/tram/bus (32 percent), and private or company autos (31 percent). Fewer than seven percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The overwhelming majority of overseas visitors (78 percent) stayed in hotels, while 30 percent stayed in private homes. The average number of nights overseas visitors stayed in the United States was nearly 18 nights, with 32 percent staying between four to seven nights and seven percent staying 36 or more nights in the United States in 2013.

Decision to Travel—The majority of overseas visitors reported they made the decision to travel to the United States 15 to 30 days before their trips; the average time was 94 days, with nearly one-third (31 percent) making that decision more than 90 days ahead of time. As one would expect, first time travelers had a longer planning horizon, making that decision, on average, 106 nights prior to departure.

Airline Choice—When asked for the three main reasons for flying on their chosen airline, the majority (48 percent) of overseas visitors asserted that the cost of airfare most heavily influenced their decision, followed by convenient schedule (40 percent), non-stop flight (39 percent), previous good experience (25 percent), and mileage bonus/frequent-flyer program (19 percent). When asked for the main (single response) reason they selected their respective airline of choice, the cost of airfare was by far the most important driver of their decision by a margin of nearly two to one when compared to non-stop flights, the second most important determinant in airline choice.

Demographics—The average income of overseas visitors was \$94,820 in 2013, with 17 percent of arrivals earning less than \$20,000 a year and five

percent earning \$300,000 or more. More than half (56 percent) earned \$60,000 or more in annual income. Regarding occupation, 42 percent work in management, business, science and arts-related fields, followed by services occupations (13 percent) and sales and office work (11 percent). Students accounted for 11 percent, while seven percent were retired. The average age of male and female arrivals from overseas was 41 and 39 years old, respectively.

Export Opportunities

According to the UNWTO, international visitors spent an estimated \$1.2 trillion globally on travel and tourism in 2013, an increase of more than seven percent when compared to the previous year.^{iv} Travelers from China spent an appreciable \$128.6 billion abroad in 2013, positioning China as the world's largest consumer of international tourism. A close second, U.S. residents spent \$104.7 billion traveling abroad in 2013, followed by Germany (\$91.4 billion), Russia (\$53.5 billion), and the United Kingdom (\$52.7 billion).^v

The United States was the largest recipient of these international tourism expenditures; in fact, international visitors spent a record-breaking \$215 billion experiencing the United States in 2013, an increase of seven percent over the previous year. Controlling for passenger fares, which are not included in these UNWTO estimates, the United States maintained its 14.5 percent share of global tourism spending^{vi}—a share that was once as high as 20.3 percent (2000). The U.S. share of global travel spending has dropped seven straight years since 2000 to a low of 13.5 percent. This was followed by an increase every year to settle at 14.5 percent for the last two years.

Worldwide international arrivals reached nearly 1.1 billion in 2013, an increase of 49 million (five percent) over 2012. The United States welcomed nearly 70 million international visitors in 2013, an increase of five percent, thereby maintaining a 6.4 percent share of global arrivals. The current U.S. share, however, is more than three percentage-points lower than the 9.9 percent share enjoyed in 1992. The U.S. share of global arrivals declined the next nine of 11 years to a low of six percent in 2003-2004 and 2006. Since 2006, the country's annual share of global arrivals has increased slightly to its current share.

Much like the decline in U.S. share of global arrivals, so, too, has the United States lost market share in global receipts. The U.S. share of global receipts (14.5 percent in 2013) has declined nearly six percentage points since 2000, the year in which the share was largest. Had the United States maintained the 20.3 percent share it commanded in 2000, the United States would have received an additional \$69.7 billion from international travelers in 2013, supporting an additional 360,000 thousand U.S. jobs.

This presents an enormous opportunity. Dividing total overseas visitor spending by total overseas arrivals yields an average spending-per-person estimate of nearly \$5,270 per person; therefore, for every 37 overseas visitors that the United States welcomes, enough demand is generated to support an additional job.^{vii}

To capitalize on this opportunity, the U.S. Government is making every effort to facilitate travel while increasing security, including refining visa processes, allowing more countries into the Visa Waiver Program and to participate in Global Entry, and negotiating air services agreements.

Additionally, Brand USA, the private sector organization created to promote the United States as a premier travel and tourism destination, will continue to undertake more promotional and marketing campaigns in top markets, including targeting growth segments and communicating improvements in U.S. entry/exit processes.

It is also important for the U.S. travel and tourism industry to ensure that the products they offer match traveler preferences, which may vary from market to market. Traveler preferences and what travelers look for in a destination can change over time, as travel increases, as the traveling demographic changes, and as new trends emerge.

Challenges & Barriers

The U.S. travel and tourism industry is among the most competitive in the world. The United States leads the world in international travel and tourism exports, exporting nearly triple the amount of travel and tourism goods and services being exported by Spain, the closest competitor in terms of receipts. The United States ranks second in its share of global arrivals, behind France, whose arrivals are predominately from other European countries and not the long-haul

visitation that the United States enjoys—visitors that tend to spend much more during their trips than the short-haul traveler. However, while the United States has recently begun taking steps to increase its competitiveness, the country has lost ground on maintaining its market share in travel and tourism.

The U.S. global competitive position has weakened in recent years. Exacerbated by the tragic events of September 11, 2001, and subsequently impacted by the Severe Acute Respiratory Syndrome (SARS) outbreak, the Gulf War, Hurricane Katrina, Bird Flu, Swine Flu, and more recently the global economic downturn, the U.S. share of global travel and tourism receipts and international visitor arrivals has declined. Emerging tourism destinations such as China, Malaysia, India, and the Dominican Republic further worsen the diminishing U.S. advantage as these destinations continue to gain market share at the expense of many top destinations. So, while the global travel and tourism market has increased immensely over the last 15 years, the U.S. share has declined. This decline can be linked to a number of reasons:

- **Competition.** Increased marketing efforts by other long-haul destinations and emerging tourism destinations are creating greater competition for attracting visitors. Brand USA continues to launch marketing campaigns and programs in top markets to enhance the image of the United States and to help position it as a world-class, must-visit destination.
- **Entry/exit experience.** Despite efforts to improve the entry/exit experience for international

travelers, there remains the perception that entering the United States is a difficult and overall negative experience, which deters some potential travelers.

- **Lack of U.S. coordination in market.** Within each top market, there are multiple stakeholders – public and private – involved in the travel and tourism industry, including the Departments of Commerce and State, Brand USA, and the private sector. There are efforts underway to increase coordination through travel and tourism country plans, but there continues to be a lack of coordination between entities, in some markets more than others. This results in messages not being communicated optimally among stakeholders and among potential travelers, including clarifying and providing updates on the entry/exit process and procedures.
- **Economic factors.** Economic factors such as fuel surcharges, exchange rates, and air passenger duties could influence outbound travel to long-haul destinations like the United States, even though it is a highly desirable travel and tourism destination.
- **Ability to meet increasing demand.** As the demand for travel and tourism grows and the United States attracts more visitors, it is important to be able to meet this increasing demand by ensuring that visas continue to be processed in a timely manner and that there is sufficient flight capacity to the United States.

Country Case Studies

The following pages include country case studies that summarize export opportunities in selected markets. The overviews outline ITA's analysis of the U.S. export potential in each market. The markets represent a range of countries to illustrate a variety of points – and not the top five markets overall.

ITA's recommendations are meant to provide suggestions for export promotion and trade policy efforts specific to these markets. Some activities, which are not mentioned, are effective in all markets. Webinars, market assessment reports, the International Buyer Program, and other trade events reach a wide cross-section of exporters and provide important information to U.S. companies about opportunities overseas.

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Australia

Australia has been a growth market in terms of arrivals and spending for the United States. It has the potential to have a greater impact on the United States due to its citizens' longer stays and tendency to visit multiple destinations while they are here. Furthermore, its higher use of leisure activities and transport while within the country also means its impact will spread to more U.S. businesses than happens with several of the other top markets. To attract an increasing number of visitors from Australia, the private sector should ensure that Australian traveler preferences and growth segments match up with U.S. products and work with the U.S. Government in market to increase coordination work through a travel and tourism country plan.

Overall
Rank

10

Australians are well-known throughout the world for their adventurous spirit and love of traveling. In 2013, the number of Australians visiting locations outside Australia totaled 8.77 million travelers, nearly 0.8 percent of all global outbound travel. According to Brand USA research data that asked “what countries did you visit on your last international holiday in the past two years,” the United States was the top place visited by Australian travelers. This was followed by New Zealand, Thailand, and the United Kingdom.

In 2013, travelers from Australia spent \$28.5 billion when traveling abroad, an increase of almost 345 percent since 2000.^{viii} At that time, Australia was the 16th top outbound spending market in the world, and has since moved up to eighth in 2013, accounting for more than 2.4 percent of global tourism expenditures. Over the past two years, spending by Australian travelers increased by only three percent, which was considerably slower than the 20 percent or higher growth it had seen in four of the last five years.

Much of the growth in outbound travel in recent years has been due to two factors: 1) the high Australian dollar, which has made it more affordable for Australians to go on an overseas holiday, and 2) the mining boom, which boosted real per capita household disposable income and contributed to a large appreciation of the Australian dollar. With the Australian dollar likely to remain below parity with the U.S. dollar over the next several years, and with the mining boom having peaked, both factors are likely to fade, although the growth in 2013 occurred despite a depreciation of the Australian dollar. Still, growth of travel from Australia to the United States may slow considerably if the United States does not take advantage of other opportunities.

Market Overview

The United States welcomed a record 1.2 million visitors from Australia in 2013, an increase of seven percent when compared to the previous year. In fact, 2013 marked the 10th straight year of growth in visitation from Australia, and the ninth year of record arrivals.^{ix} Since 2004, arrivals from Australia have increased by 197 percent, the fourth fastest growth rate among the top 10 arrivals markets for the United States. Australia is now the 10th largest visitor market for the country, with arrivals surpassing the one million mark for the last three years.

As an export market, Australia ranked 10th in terms of 2013 total travel and tourism-related spending in the United States. Like the growth in arrivals, spending by Australian travelers has also grown tremendously over the past decade (181 percent). In 2013, Australian travel and tourism exports totaled a record \$6.8 billion, a seven percent increase over the previous year and a 55 percent increase over 2009. This translates into roughly \$19 million a day^x being injected into local economies around the country, supporting more than 39,700 U.S. jobs.^{xi}

U.S. travel and tourism exports now account for nearly 36 percent of all U.S. services exports and more than 15 percent of total exports to Australia. Travel and tourism has enjoyed a positive trade surplus with Australia for decades—a surplus that totaled nearly \$4.4 billion in 2013.

Understanding the “Typical” Traveler from Australia

The National Travel and Tourism Office’s Survey of International Air Travelers provides key insights into travelers from Australia:

Purpose of Trip—Most Australian visitors to the United States come for leisure activities. As to the main purpose of their trip, the majority of arrivals from Australia were on vacation/holiday (75 percent), followed by visiting friends and relatives (13 percent), convention/conference/trade show (six percent), and business (four percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 11 percent and 91 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by Australian travelers were Los Angeles, California (52 percent), Honolulu, Hawaii (22 percent), San Francisco, California (six percent), New York, New York (six percent), and Dallas/Ft. Worth, Texas (five percent).

Number of States Visited—45 percent of Australian travelers visited one state during their stay in the United States; over 19 percent visited two U.S. states; and 36 percent of Australian travelers visited three or more states. This makes Australia one of the most adventurous markets in terms of the number of states visited.

U.S. Destinations Visited: States/Territories and Cities—The top U.S. states visited included California (47 percent), Hawaii (44 percent), New York (33 percent), Nevada (29 percent), Florida (11 percent), Texas (six percent), Illinois (five percent), and Arizona (five percent). Australian visitors favored Honolulu, Hawaii (36 percent), followed by New York City, New York (33 percent), Los Angeles-Long Beach, California (32 percent), Las Vegas, Nevada, (28 percent), San Francisco, California (20 percent), Anaheim, California (nine percent), Washington, DC (six percent), San Diego, California (six percent), Miami, Florida (six percent), Chicago, Illinois, (five percent), and Orlando, Florida (five percent).

Leisure Activities—The top leisure activities of Australian visitors were shopping (95 percent), sightseeing (91 percent), visiting national parks and monuments (58 percent), taking guided tours (56 percent), traveling to historical locations (51 percent), experiencing fine dining (50 percent), traveling to small towns/countryside (49 percent), visiting art

galleries/museums (39 percent), visiting amusement/theme parks (35 percent), attending concerts/plays/musicals (34 percent), visiting cultural/ethnic heritage sites (29 percent), and going to casinos/gambling (27 percent).

Transportation Used in the United States—The mode of travel most popular with Australian visitors while in the United States was the use of air travel between U.S. cities (67 percent), followed by using a taxicab/limousine (53 percent), city subway/tram/bus (45 percent), private or company auto (37 percent), rented auto (35 percent), and bus between cities (24 percent). Just over 11 percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The overwhelming majority of Australian visitors stayed in hotels (89 percent), while 24 percent stayed in private homes. The average number of nights Australian visitors stayed in the United States was 20 nights, with 20 percent staying 15 to 21 nights and 17 percent staying 11 to 14 nights.

Income—The average income of visitors from Australia was \$133,282 in 2013, with 18 percent of Australian visitors making \$200,000 or more a year and, of that, six percent making \$300,000 or more. Over 47 percent made less than \$100,000 in annual income.

Export Opportunities

Currently, Australia is the 10th largest travel and tourism export market for the United States. While arrivals have increased every year for the last 10 years, travel exports have also increased nine straight years, up 55 percent over 2009 and 181 percent since 2004. The U.S. share of total Australian outbound travel spending in 2013 was 22.7 percent, up from 20.4 percent in the previous year. The U.S. share of Australian outbound travel has increased in three of the past five years, but had been down the last two years.

The 1.2 million visitors the United States welcomed from Australia in 2013 account for 13.7 percent of total Australian outbound travelers. The U.S. share of total Australian outbound travel was 11.5 percent in 2009. It had increased each year until 2012, when it reached 13.7 percent. In 2013, the percentage of Australian travelers that visited the United States as a percentage of Australia’s total population was small (0.5 percent), demonstrating clear opportunity for growth.

The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual increase of more than 3.8 percent for Australia, culminating in 1.5 million arrivals from Australia in 2019, a 25 percent increase over the 2013 visitation level. Australia will remain the 10th largest arrivals market for the country and will see the fifth fastest growth among the top 10 arrivals markets for the United States. To increase growth from Australia, the United States must take advantage of, and develop, opportunities to create greater demand.

The foundation on which to create greater demand is already in place. Australia has been part of the Visa Waiver Program since 1996 and has had an Open Skies agreement with the United States since 2008. Air capacity between Australia and the United States is increasing. Qantas Airways recently started flying A380s between Sydney and Dallas/Fort Worth and United Airlines launched a new non-stop Melbourne to Los Angeles service, six times weekly.

Australians stay longer (an average of 20 days) and spend more money than many other international visitors to the United States. The United States is the top long-haul destination for Australian travelers, and Australians travel throughout the United States, not just to primary cities and states.

Brand USA Australia began operating in market in June 2013. Since then, the team has established and implemented a range of promotional and development initiatives to stand up Brand USA's presence and enhance consumer and trade perception of the breadth and diversity of the United States as a destination.

Challenges & Barriers

Australia continues to be a top market for the United States with limited challenges:

- **Exchange Rate.** The U.S. dollar has strengthened significantly against the Australian dollar, which could cause Australians to adjust their length of stay and spending in the United States (cheaper accommodation, less expensive dining options, less shopping). However, it is widely-believed in market that Australians will continue to travel to the United States due to strong interest and competitive airfares.

Although growth in visitation and spending in 2013 occurred despite a depreciation of the Australian dollar, growth of travel from Australia to the United States may slow considerably if the United States does not take advantage of other opportunities.

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Brazil

Arrivals from Brazil have exhibited explosive growth over the last decade. Brazilian arrivals have more than doubled since 2009, tripled since 2007, and have increased five-fold over the last ten years; and those Brazilians who are visiting the United States are spending more than ever before. Brazilian spending in the United States has increased six-fold over the last decade and now supports more than 64,000 U.S. jobs. With travel and tourism-related exports accounting for nearly 47 percent of U.S. services exports and 18 percent of all U.S. exports to Brazil, the Brazilian market is of paramount importance to the U.S. competitive position and ultimately the nation's tourism strategy. To attract an increasing number of visitors from Brazil, the U.S. Government will continue to find ways to ease the entry/exit processes and communicate improvements to these processes, and better coordinate work in market, including with the private sector, through a travel and tourism country plan.

Overall
Rank

6

The United States welcomed a record-setting 2.1 million visitors from Brazil in 2013, an increase of more than 269,000 visitors (15 percent) when compared to 2012. In fact, 2013 marks the seventh consecutive year of double-digit growth in arrivals from Brazil, which enabled Brazil to supplant Germany and become the fifth largest international market for U.S. arrivals (behind Canada, Mexico, United Kingdom, and Japan, respectively). Brazil now accounts for more than 40 percent of all arrivals from South America.

After a decade of growth averaging more than 22 percent a year, Brazil has securely positioned itself as the sixth largest market for U.S. travel and tourism-related exports. Spending by Brazilian travelers in the United States has increased six-fold over the last decade and has exhibited double-digit growth in seven of those 10 years.

In 2013, visitors from Brazil spent a record-setting \$12.4 billion experiencing the United States, an increase of nine percent when compared to 2012. Conversely, Americans spent an estimated \$1.1 billion in Brazil in 2013, resulting in an \$11.3 billion balance of trade surplus for travel and tourism.

Market Intelligence

The National Travel and Tourism Office's Survey of International Air Travelers provides key insights into travelers from Brazil to the United States:

Purpose of Trip—As to the main purpose of their trip to the United States, the majority of arrivals from

Brazil were on vacation/holiday (73 percent), followed by business (nine percent), visiting friends/relatives (seven percent), convention/conference/trade show (five percent), and education-related purposes (four percent).

Ports of Entry—The top U.S. ports of entry used by Brazilian travelers included Miami, Florida (43 percent), New York, New York (18 percent), Orlando, Florida (11 percent), Atlanta, Georgia (six percent), and Dallas/Fort Worth, Texas (four percent).

Number of States Visited—The majority (74 percent) of Brazilian travelers visited only one state during their stay in the United States; 19 percent visited two U.S. states; and seven percent visited three or more U.S. states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited included Florida (57 percent), New York (31 percent), California (nine percent), Nevada (eight percent), and Illinois (three percent). The top cities included Orlando, Florida (37 percent), Miami, Florida (36 percent), New York, New York (31 percent), Las Vegas, Nevada (eight percent), and Los Angeles-Long Beach, California (six percent).

Leisure Activities—The top leisure activities of Brazilian visitors were shopping (92 percent), sightseeing (72 percent), amusement/theme park (50 percent), national parks/monuments (35 percent), and nightclubbing/dancing (34 percent).

Transportation Used in the United States—The mode of travel most popular with Brazilian visitors while in the United States was rented autos (52 percent), followed by air travel between U.S. cities (39 percent), private or company auto (34 percent), taxicab/limousine (30 percent), and city subway/tram/bus (24 percent).

Accommodations and Nights in the United States—The overwhelming majority of Brazilian visitors stayed in hotels (86 percent), while 20 percent stayed in private homes. The average number of nights Brazilian visitors stayed in the United States was 15 nights, with 25 percent staying four to seven nights and nearly 10 percent staying 22 or more nights.

Income—The average annual income of visitors from Brazil was just over \$100,000 in 2013, with nearly 28 percent of Brazilian visitors making less than \$20,000 a year and eight percent making \$300,000 or more. Nearly two-thirds (63 percent) made less than \$100,000 in annual income.

Export Opportunities

The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual growth rate of more than six percent for Brazil, culminating in nearly three million arrivals from Brazil in 2019. Even if this growth is realized, however, Brazil would still fall from fifth- to sixth-largest international market in terms of arrivals to the United States, down purely as a function of China's explosive growth vaulting China up from seventh in 2013 to third in 2019.

Travelers from Brazil spent an estimated \$25 billion^{xii} on travel and tourism-related goods and services around the world in 2013, an increase of nearly 13 percent when compared to 2012. In fact, since 2005, international spending by Brazilian travelers has increased and now ranks 10th (up from 12th, after overtaking Japan and Singapore in 2013) in terms of global tourism expenditures.

These data clearly highlight Brazil's significant upside potential. But the United States is a long way from fully capitalizing on the opportunity presented by Brazil's outbound travel market. According to the UNWTO, the main annoyances expressed by Brazilian travelers include "problems with visa and immigration procedures, high prices ... and long queues."^{xiii}

The U.S. Department of State (State) has already taken several actions to refine the visa process in Brazil, recognizing its importance to the U.S. economy. Visa interview wait times now average just three working days or less in Brasilia, Recife, and Rio de Janeiro, and 10 days in Sao Paulo, one of State's busiest nonimmigrant visa processing posts. By adding staff, extending interview hours, and expanding facilities, State has dramatically reduced wait times previously experienced, and now more than ever, qualified Brazilian visitors have the ability to travel to the United States. Year-over-year demand for visas remains high – in 2013, State issued more than 1.1 million U.S. visas to Brazilian travelers. However, with only four posts issuing visas in the entire country, the cost of getting a visa for those outside these cities remains high.

State and interagency partners have also negotiated an Open Skies Agreement with the Brazilian Government; however, the agreement has not yet entered into force. When Open Skies fully takes effect in October 2015, airlines from the United States and Brazil will be allowed to select routes, destinations and prices for passenger, cargo and charter services based on consumer demand and market conditions. This could be an immediate opportunity to increase visitation from Brazil to the United States as it would allow the market to dictate flights rather than the government.

Challenges & Barriers

Brazil is a strong growth market for the United States; however, to fully capitalize on all of the opportunities offered by Brazilian travel, the United States must continue to facilitate travel to the country through improvements in the entry/exit processes and through the Open Skies agreement. Other challenges that may impact travel from Brazil include:

- **Exchange rate.** The value to exchange the Brazilian real into the U.S. dollar has increased drastically in the past few months due to a number of domestic and foreign economic issues currently faced by Brazil. In 2013 and 2014, record years in the number of Brazilian travelers visiting the United States and in spending, the exchange rate ranged between 2.20 – 2.45. During the last months of 2014, the Brazilian real devaluated rapidly, and since February 2015, Brazilians are facing a daily fluctuation in the Brazilian real. During the first week of March 2015, the exchange rate for the Brazilian real in comparison to the U.S. dollar reached 2.97.

- **Additional tax.** At the end of 2013, the Brazilian Government increased the tax for any international financial operation from 0.38 percent to 6.38 percent. This includes payments using debit or credit cards, withdrawals in foreign currencies, purchases using traveler's checks, and loading pre-paid cards with foreign currencies. Exchanging Brazilian reals into foreign currencies in the country continues to charge a 0.38 percent tax, so the majority of travelers have been using more cash while travelling. However, experienced travelers tend to carry less cash due to security concerns.
- **Competition.** The United States is traditionally the favorite destination for Brazilian visitors; however, other destinations in Europe, Asia, and Africa are being heavily promoted in the country via promotional campaigns, events, and partnership investments. This affects mainly well-experienced travelers, who have already traveled to primary destinations in the United States (i.e. Orlando, Miami, New York, Las Vegas, Los Angeles) and are looking into new and exotic destinations for unique and different experiences.

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China

Less than a decade ago, the United Nations World Tourism Organization (UNWTO) announced that outbound travel from China would reach 100 million travelers by 2020; instead, outbound travel from China reached 109 million in 2014, shattering every previous estimate. Moreover, China's burgeoning middle class has led to such an appreciable increase in the number of "travel-ready" Chinese that the number of outbound travelers from China is now expected to double to more than 200 million over the next decade. The importance of China to the United States' long-term travel and tourism strategy, therefore, cannot be overstated.

Overall
Rank

3

Over the last decade, China has been, and still is, the fastest growing outbound tourism market in the world. The number of Chinese travelers visiting locations outside of China now accounts for nearly 10 percent of all global outbound travel. Today, China has become the largest source market in the world for outbound travel.

Travelers from China spend more than anyone else on travel and tourism-related goods and services. Boosted by rising disposable incomes, fewer restrictions on foreign travel and an appreciating currency, Chinese spending abroad has increased almost ten-fold since 2000.^{xiv} Collectively, Chinese travelers spent nearly \$129 billion^{xv} traveling abroad in 2013, a staggering increase of nearly \$27 billion (26 percent) when compared to the previous year. China now accounts for more than 11 percent of global tourism expenditures—positioning China as the world's top spender on international travel and tourism.

With so much revenue at stake, countries around the world are aggressively trying to lure potential travelers. As incomes continue to rise globally and the demand for international travel and tourism grows, so too, will competition for international arrivals. It is a zero-sum game; travelers either visit the United States or they spend their vacations—and their money—elsewhere.

While this is true for all markets, the sheer number of potential Chinese visitors means that the opportunity to benefit the U.S. economy through an influx of Chinese spending cannot be missed.

Market Overview

The United States welcomed more than 1.8 million visitors from China in 2013, an increase of 23 percent when compared to the previous year. In fact, 2013

marked the fourth consecutive year (and the ninth out of 10 years) in which arrivals from China exhibited double-digit growth, propelling China up in the rankings two places to seventh in terms of total arrivals into the United States.^{xvi}

A decade ago, China ranked ninth in terms of total travel and tourism-related spending in the United States. Now, however, after a decade of double-digit growth, China has vaulted to second place, trailing only Canada, after spending more than \$21.1 billion in the United States in 2013. This translates into roughly \$58 million a day^{xvii} being injected into local economies around the country, an investment that supported more than 109,000 U.S. jobs.^{xviii}

U.S. travel and tourism exports to China now account for nearly 56 percent of all U.S. services exports and more than 13 percent of total exports to China. In fact, travel and tourism is one of only a few sectors that enjoys a positive trade surplus with China. This surplus totaled nearly \$16.5 billion in 2013.

To ensure that the United States remains in a competitive position, the United States extended the validity of short-term tourist and business visas for Chinese travelers from one to 10 years, the longest validity possible under U.S. law, and increased the validity of student and exchange visas from one to five years. As a result, and depending on visa processing capabilities and economic and other factors, a maximum of 7.3 million Chinese could travel to the United States by 2021, contributing nearly \$85 billion a year to the economy and supporting 440,000 jobs. This policy response provides the U.S. private sector with a significant opportunity to capitalize on the Chinese market.

Understanding the “Typical” Traveler from China

The National Travel and Tourism Office’s Survey of International Air Travelers provides key insights into travelers from China:

Purpose of Trip—Most Chinese visitors to the United States come for leisure activities. As to the main purpose of their trip, the majority of arrivals from China were on vacation/holiday (32 percent), followed by visiting friends and relatives (21 percent), education (17 percent), business (16 percent), and convention/conference/trade show (11 percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 30 percent and 63 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by Chinese travelers include Los Angeles, California (23 percent), San Francisco, California (16 percent), New York, New York (12 percent), Chicago, Illinois (12 percent), and Newark, New Jersey (six percent).

Number of States Visited—The majority (61 percent) of Chinese travelers visited only one state during their stay in the United States; nearly 21 percent visited two U.S. states, and 18 percent visited three or more states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited include California (46 percent), New York (33 percent), Nevada (14 percent), the Hawaiian Islands (10 percent), and Illinois (seven percent). Cities favored by Chinese visitors were Los Angeles-Long Beach, California (34 percent), New York City, New York (31 percent), San Francisco, California (21 percent), Las Vegas, Nevada (14 percent), and Washington, DC (nine percent).

Leisure Activities—The top leisure activities of Chinese visitors were shopping (85 percent), sightseeing (78 percent), experiencing fine dining (48 percent), visiting national parks and monuments (37 percent), visiting art galleries/museums (36 percent), traveling to small towns/countryside (34 percent), visiting amusement/theme parks (34 percent), traveling to historical locations (26 percent), taking in cultural/ethnic-heritage sights (22 percent), and taking guided tours (22 percent).

Transportation Used in the United States—The mode of travel most popular with Chinese visitors while in the United States was air travel between U.S. cities (45

percent), followed by private or company auto (38 percent), city subway/tram/bus (31 percent), rented auto (26 percent), bus between cities (25 percent), and the use of a taxicab/limousine (22 percent). Fewer than 10 percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—

The majority of Chinese visitors stayed in hotels (66 percent), while 38 percent stayed in private homes. The average number of nights Chinese visitors stayed in the United States was 39 nights, with 21 percent staying 36 or more nights and 21 percent staying between four and seven nights.

Income—The average annual income of visitors from China was nearly \$79,000 in 2013, with 25 percent of Chinese visitors making less than \$20,000 a year and six percent making \$300,000 or more. Nearly two-thirds (63 percent) made less than \$60,000 in annual income.

Export Opportunities

The global growth of outbound travel from China represents a significant opportunity to increase travel to the United States and tourism exports. The leading market position of the United States, coupled with the extension of visa validity, provides the country with a competitive advantage. To capitalize on this potential, additional policies will have to be addressed to ensure that the United States can keep up with demand and maintain a positive perception as a travel destination.

Growth in outbound Chinese travel is being fueled by Chinese government policies lessening restrictions on Chinese travelers and positively encouraging the use of leave days, as well as by an expanding middle class. An appreciating currency and rising income levels will continue to fuel the expansion and should create a market of well over 200 million travelers over the next decade. China’s population of nearly 1.4 billion and its outbound travel market will continue to grow in importance as more and more citizens become ‘travel-ready.’

According to the UNWTO, the United States is the only country outside of Asia that receives more than a million visitors annually from China. However, the 1.8 million visitors the United States welcomed from China in 2013 accounts for less than two percent of total Chinese outbound travelers. In fact, in 2013, the percentage of Chinese travelers that visited the United

States as a percentage of China's total population was essentially zero (0.1 percent).

As a result, there remains significant potential for attracting even more visitors from China. The National Travel and Tourism Office's Forecast of International Travel anticipates a compound annual growth rate of more than 18 percent for China, culminating in 4.9 million arrivals from China in 2019 and nearly tripling the 2013 level of visitation. If this growth is realized, China would become the third largest international market (behind Canada and Mexico, respectively) and the largest overseas market in terms of visitation. The global growth of outbound travel from China represents an amazing opportunity to increase U.S. travel and tourism exports. Whether the United States can fully realize this potential is dependent in part on whether the demand for Chinese residents to travel to the United States can be met by the government and the private sector.

Challenges & Barriers

- **Air Services.** There is an obvious nexus between travel and tourism growth and air services development. The United States and China have agreed to bilateral talks in 2015 on further modernization and liberalization of the U.S.-China air services agreement, as well as to discuss issues related to doing business.

The capacity (aircraft flights/seats) in the market today is demand-driven, based on what U.S. and Chinese airlines consider as having profit potential. As an example, American Airlines recently announced the launch of a Dallas-Ft. Worth to Beijing service. Chinese carriers collectively added several new city pair services in 2014 (China Southern service to New York JFK and Hainan Airlines service to Boston). Chinese policies, however, limit Chinese air carriers' abilities to act purely on commercial demand; China generally restricts its carriers from competing directly on routes (like Beijing to Los Angeles).

Although the aviation agreement does cap combination (i.e. passenger) airline frequencies (number of flights per week) for airlines of both countries, enough frequencies remain under the cap to add considerable additional capacity in the near-to-medium future. However, at the expected growth rate of inbound Chinese visitors, and with

U.S. travelers in the U.S.-China market, the number of flights required to accommodate anticipated passenger traffic will exceed the existing cap over the longer term. The U.S. Government will work to share forecasts and reporting of air traffic between the countries to help ensure air negotiations occur before capacity constraints hinder air traffic between the two countries.

- **Sale of Outbound Travel.** Under existing Chinese regulations, only Chinese companies can sell outbound travel to Chinese citizens. Foreign-owned companies are not allowed to sell travel to Chinese citizens. Thus, U.S. companies must work through Chinese intermediaries to access consumers to sell their products. This restriction was retained as part of China's accession to the World Trade Organization and applies to all nations. In 2010, China agreed to partial liberalization of the market by allowing several joint ventures between domestic and foreign companies, but has not made progress in opening the market since that time. The recent development of the Shanghai Free Trade Zone, as well as plans for other trade zones in cities such as Zhuhai and Tianjin, has muddied the landscape, as regulations governing the sale of outbound travel in those zones need further clarification.
- **Brand Awareness.** The United States is often perceived as an expensive destination because it is long-haul. In addition, there has been concern over the quality of offerings in the United States, as well as the lack of products that cater to Chinese travelers, including signage in Chinese, Chinese menus and television programming in hotels, and interpreters at tourist locations.

Managing the quality of offerings in the United States has been a challenge. Since the opening of the market to the United States in 2008, industry has been plagued by the presence of low-cost tours that seemingly rely on kickbacks from vendors on the itinerary. China passed a historic Tourism Law that took effect in 2014 that now forbids this practice. In addition, some tours do not provide the quality of vehicles and drivers needed to ensure the safety of the visitors. This has had tragic results in several instances. ITA has worked with the Chinese Government, industry, and the Department of Transportation to address

this issue, and the situation has improved. However, there is still much uncertainty surrounding the new Tourism Law and its effects on U.S. industry.

Therefore, U.S. businesses impacted by this law should work with ITA and alert the U.S. Government if assistance is needed so that U.S. businesses may remain competitive in this market.

Additionally, feedback from the marketplace indicates that in order to effectively capture market share, the United States will need to adapt the product to be more attractive to Chinese visitors. This includes, but is not limited to, signage, the adaptation and translation of menus, and Mandarin-speaking staff and tour guides.

- **Full Implementation of the Memorandum of Understanding.** In 2007, under the U.S.-China Joint Commission on Commerce and Trade Tourism Working Group, the United States and China signed a Memorandum of Understanding (MOU) that opened the market for packaged leisure travel from China to the United States. This agreement has been implemented incrementally, and only two provinces remain uncovered by the MOU – Tibet and Xinjiang. China is committed to a two-year timeline for review from the date of implementation of the previous phase, which would not be until January 2016. The U.S. Government will continue to push for full implementation of the MOU at the earliest possible date.

Germany

Nearly two decades ago, the United States welcomed 2.0 million international visitors from Germany. In 2013, however, the United States received 80,000 fewer travelers from Germany than in 1996, and those who did travel to the United States spent less than the previous year. In fact, German spending abroad increased appreciably in 2013—just not in the United States. As the third largest importer of travel and tourism goods and services, Germany presents itself as a tremendous opportunity – and challenge – for the United States. To attract an increasing number of visitors from Germany, the U.S. Government will work to maximize and communicate updates on entry processes and better coordinate work in market, including with the private sector, through a travel and tourism country plan. The private sector must ensure that German traveler preferences and growth segments match up with U.S. products.

Overall
Rank

7

As the third largest overseas market—in terms of global spending on travel and tourism—the German travel market is profoundly important to the United States. Indeed, visitors from Germany spent more around the world in 2013 than visitors from Brazil, Canada, Japan, and Mexico combined. Yet all of these countries rank higher than Germany in terms of spending in the United States.

In 2013, German travelers spent an estimated \$91.4 billion globally on travel and tourism-related goods and services, an increase of more than 12 percent when compared to 2012. This appreciable increase, however, was not realized in the United States. Spending by German travelers in the United States actually declined three percent in 2013. Put simply, those who did visit the United States spent less, and at a time when German spending had risen significantly elsewhere around the world.

As length of stay remained virtually unchanged and the mean number of states visited by German travelers is only down one-tenth of one percent, it is difficult to know what has caused this decrease in spending on travel items such as food, lodging, recreation, gifts, entertainment, local transportation, etc. Potential contributing factors include the decrease in business travel (down three percent in 2013) combined with a material drop in air travel in the United States (down 3.5 percent, favoring instead rental cars), or that 2012 was such a record-setting year that German spending in the United States could not keep the same pace in 2013.

Germany is the second largest export market for the United States in Europe (behind the United Kingdom) for travel and tourism, accounting for slightly more than 14 percent of all European visitor spending in the United States in 2013. The decline in spending by German travelers in 2013 marks the sixth year of decline in the last 14 years. In fact, visitors from the United Kingdom now spend 82 percent more than visitors from Germany.

Once ranked as high as fifth (2008), Germany has slipped to eighth in terms of total spending in the United States and, with the growth of South Korean visitor spending, Germany will be hard-pressed to maintain the eighth position in 2014.

When comparing 2013 to 1999, German visitor spending has only increased roughly \$510 million a year (eight percent), by far the lowest growth rate of any of the European markets. By contrast, U.S. travel and tourism exports to Europe have increased 43 percent over the same period.

The future does not look much brighter. Growth in German visitation to the United States is projected to be among the slowest of the top 20 markets, increasing only two percent by 2019. And with German travelers being among the top spenders, the United States needs to do more to ensure the U.S. travel and tourism industry remains competitive in this important market.

Market Intelligence

The National Travel and Tourism Office's Survey of International Air Travelers provides key insights into travelers from Germany to the United States:

Purpose of Trip—As to the main purpose of their trip to the United States, the majority of arrivals from Germany were on vacation/holiday (53 percent), followed by visiting friends and relatives (19 percent), business (15 percent), convention/conference/trade show (seven percent), and education-related travel (three percent).

Ports of Entry—The top U.S. ports of entry used by German travelers included New York, New York (18 percent), Newark, New Jersey (10 percent), Miami, Florida (nine percent), Chicago, Illinois (eight percent), and Los Angeles, California (eight percent). These top five ports accounted for more than half (52 percent) of all arrivals from Germany in 2013.

Number of States Visited—The majority (66 percent) of German travelers visited only one state during their stay in the United States; nearly 16 percent visited two U.S. states; and 18 percent visited three or more states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited included New York (32 percent), California (22 percent), Florida (18 percent), Nevada (11 percent), and Pennsylvania (six percent).^{xix} The top cities visited included New York City, New York (31 percent), San Francisco, California (13 percent), Los Angeles-Long Beach, California (11 percent), Las Vegas, Nevada (10 percent), and Miami, Florida (10 percent).

Leisure Activities—The top leisure activities of German visitors were shopping (87 percent), sightseeing (79 percent), visiting small towns/countryside (42 percent), visiting national parks/monuments (41 percent), and visiting historical locations (40 percent).

Transportation Used in the United States—The mode of travel most popular with German visitors while in the United States was rented auto (46 percent), followed by city subway/tram/bus (37 percent), private or company car (31 percent), air travel between U.S. cities (29 percent), and taxicab/limousine (28 percent).

Accommodations and Nights in the United States—The majority of German visitors stayed in hotels (74 percent), while 38 percent stayed in private homes.

The average number of nights German visitors stayed in the United States is 18 nights, with six percent staying 36 or more nights and 25 percent staying four to seven nights.

Income—The average annual household income of visitors from Germany was nearly \$106,000 in 2013, with 15 percent of German visitors making less than \$20,000 a year and four percent making \$300,000 or more. More than half (57 percent) made less than \$100,000 a year.

Export Opportunities

In 2013, travelers from Germany spent a record-setting \$91.4 billion^{xx} abroad, positioning Germany as the third largest consumer of travel and tourism-related goods and services in the world (behind China and the United States, respectively). This represents an increase of more than 12 percent when compared to the previous year. So, those Germans who are traveling are spending more around the world.

This is not the case in the United States, however. In 2013, visitors from Germany spent an estimated \$7.2 billion experiencing the United States, a decrease of three percent when compared to 2012 and one of only a handful of countries that posted declines in spending in 2013.

These data clearly highlight Germany's significant upside potential, but the United States is a long way from fully capitalizing on the opportunity. In 2013, the United States held a six percent share of global German spending abroad.^{xxi}

With regards to visitation, the National Travel and Tourism Office Forecast for International Travel suggests a compound annual growth rate of two percent for Germany, culminating in 2.2 million arrivals from Germany in 2019—the third lowest rate of growth of all Forecast countries behind only Venezuela (-6.3 percent) and Japan (-0.2 percent) during the forecast period. The difference between annual visitation in 2013 and 2019 is a mere 242,000 visitors and, if this lackluster growth is realized, Germany would slip another position to seventh overall for failing to keep pace with other origin markets in the top 20. For comparison, China, which had a similar number of arrivals in 2013 as Germany, is projected to grow by 18 percent during the same period, and the National Travel and Tourism Office projects more than

twice the number of arrivals from China in 2019 than from Germany.

Brand USA will continue to promote the United States as an attractive destination in Germany. By increasing its marketing in Germany, targeting growing segments, and communicating progress made in U.S. entry/exit processes, Brand USA has a significant opportunity to help grow travel and tourism from Germany. The Hannover Fair in spring 2016 is an example of an opportunity on which Brand USA could capitalize, as the United States will be featured.

Germany is already a mature market, which provides the opportunity for the U.S. travel and tourism industry to offer non-traditional product offerings, particularly for repeat visitors who may have already seen primary U.S. destinations. In turn, this also provides an opportunity to increase promotional content for younger audiences.

There are other opportunities that could increase growth in visitation from Germany. For example, following a successful pilot program, in December 2014, the United States and Germany announced a bilateral agreement allowing German citizens to apply for Global Entry and U.S. citizens to apply for EasyPASS, Germany's expedited entry program. This agreement makes Germany the second country in the Schengen region with which the United States has an agreement, and represents a potentially significant expansion of the program. Ease of entry signals that the United States respects our German allies by allowing them to become "trusted travelers."

Challenges & Barriers

Although Germany remains a top market for the United States, there are a number of challenges that may affect greater growth from this market:

- **Airline departure tax.** Germany has the second highest air passenger tax in Europe (behind the United Kingdom). For German passengers, it currently costs an extra 42 euros (\$47) to travel to the United States. While there has been discussion of eliminating this tax, as it has been shown to decrease travel, the tax still remains.
- **Exchange rate.** The U.S. dollar has recently strengthened against the euro, which may cause U.S. travel and tourism operators to raise prices, which could discourage travel to the United States.
- **Entry/exit experience.** Despite efforts to improve the entry/exit experience for international travelers, there remains the perception that entering the United States is a difficult and overall negative experience.

The perception of the entry/exit experience in particular is a significant challenge that may dissuade German travelers from visiting the United States. As there have been many process improvements recently, and will continue to be more in the coming months, better communication about these improvements will be key to reducing the negative perception, as will Germany's addition to the Global Entry program.

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Japan

Japan is a mature market for the United States but has seen almost no growth in travel and tourism since 2004. While the market has seen declines, it has also posted large increases to help recover from these declines. Japan has demonstrated an increased economic impact on the United States for 32 of the last 41 years. Because of its size, and its citizens' interest in and continued dedication to traveling to the United States, despite its current economic stagnation, Japan will likely remain a top market for the United States. To attract an increasing number of visitors from Japan, the private sector must ensure that Japanese traveler preferences and growth segments match up with U.S. products, and work with the U.S. Government to better coordinate work in market through a travel and tourism country plan.

Overall
Rank

5

Historically, Japan has been, and still is, one of the top 15 outbound tourism markets in the world. The number of Japanese travelers visiting locations outside of Japan totaled 17.5 million in 2013, nearly 1.6 percent of all global outbound travel. According to Brand USA research that asked Japanese travelers "what countries did you visit on your last international holiday in the past two years", the United States was the top destination, followed by South Korea, "other countries in Asia," France, and China.

In 2013, travelers from Japan spent \$21.8 billion when traveling abroad, a decline of 22 percent when compared to the previous year. Japanese spending overall has declined by almost 32 percent since 2000.^{xxii} Japan now accounts for more than 1.8 percent of global tourism expenditures. This positions Japan as the world's 13th largest spender on international travel and tourism.

After reaching a high of 18.5 million in 2012, the number of travelers from Japan fell by six percent in 2013 to 17.5 million. While four to seven days is the most common length for outbound trips in Japan, it was more difficult for workers to take longer breaks in 2013, as public holidays fell on weekends and days off were more spaced out than normal during Golden Week and Obon, when travel typically increases.

According to the Euromonitor^{xxiii} forecast, the number of outbound trips is expected to increase by a two percent compound annual growth rate to reach 19.1 million in 2018. Growth will be supported by expanding capacity among low-cost air carriers and stronger demand from senior travelers. Disputes with China and South Korea have dampened travel flows

between Japan and these countries, but if the number of departures to these two popular destinations recovers, it will contribute to the overall growth of outbound tourism flows in the forecast period. This would result in greater competition for travel to the United States.

Market Overview

The United States welcomed more than 3.7 million visitors from Japan in 2013, an increase of only one percent when compared to the previous year. In fact, 2013 showed a dramatic slowing as compared with 2012. In 2011, Japanese outbound travel dropped as a result of its stagnant economy, the effects of the tsunami, and the disaster at Fukushima Daiichi Nuclear Plant, but recovered with 14 percent growth in 2012. Arrivals from Japan have been erratic, dropping in each of the years between 2006 and 2009 but increasing overall in five of the last 10 years.^{xxiv}

Since 2004, arrivals from Japan have declined by more than 17,000 visitors. Even with the slight decline over the decade, Japan remains the second largest overseas (excluding Canada and Mexico) arrivals market for the United States, a position it assumed in 2001 and has held ever since. While not a growth market, Japan has generated over 2.9 million visitors to the United States every year since 1989. The record year for Japanese travel to the United States was 1997, when the country hosted nearly 5.34 million Japanese visitors.

As an export market, in 2013 Japan ranked fourth in total travel and tourism-related spending in the United States. However, with only 23 percent growth over the decade, Japan has declined from the number one spot

it held in 2004; Canada, China and Mexico have all posted far stronger growth during this time to surpass Japan. In 2013, Japanese travel and tourism exports totaled \$17.6 billion. This translates into roughly \$48 million per day^{xxv} being injected into local economies around the country, supporting more than 91,000 U.S. jobs.^{xxvi}

U.S. travel and tourism exports to Japan now account for nearly 38 percent of all U.S. services exports and more than 16 percent of total exports to Japan. Travel and tourism has enjoyed a positive trade surplus with Japan for decades, a surplus that totaled over \$13 billion in 2013.

Understanding the “Typical” Traveler from Japan

The National Travel and Tourism Office Survey of International Air Travelers provides key insights into travelers from Japan:

Purpose of Trip—Most Japanese visitors to the United States come for leisure activities. As to the main purpose of their trip to the United States, the majority were on vacation/holiday (70 percent), followed by business (12 percent), visiting friends and relatives (eight percent), and convention/conference/trade show (seven percent). When considering all purposes of trip (multiple responses), the net purposes of business and leisure totaled 22 percent and 79 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by Japanese travelers included Honolulu, Hawaii (41 percent), Agana, Guam (24 percent), Los Angeles, California (eight percent), New York, New York (five percent), San Francisco, California (five percent), and Chicago, Illinois (three percent).

Number of States Visited—The overwhelming majority (90 percent) of Japanese travelers visited only one state during their stay; more than seven percent visited two U.S. states; and three percent of Japanese travelers visited three or more states.

U.S. Destinations Visited: States/Territories and Cities—The top U.S. states/territories visited include Hawaii (42 percent), Guam (25 percent), California (13 percent), New York (nine percent), Florida (three percent), and Illinois (three percent). Japanese visitors favored Honolulu, Hawaii (38 percent), followed by New York City, New York (eight percent), Los Angeles-Long Beach, California (five percent), San Francisco,

California (four percent), Chicago, Illinois (three percent), and Orlando, Florida (three percent).

Leisure Activities—The top leisure activities of Japanese visitors were shopping (86 percent), sightseeing (85 percent), experiencing fine dining (40 percent), participating in water sports (24 percent), taking guided tours (23 percent), visiting national parks and monuments (11 percent), traveling to historical locations (11 percent), and traveling to small towns/countryside (10 percent).

Transportation Used in the United States—The mode of travel most popular with Japanese visitors while in the United States was the use of a taxicab/limousine (41 percent), followed by bus between cities (33 percent), city subway/tram/bus (26 percent), air travel between U.S. cities (25 percent), rented auto (21 percent) and private or company auto (16 percent). Fewer than five percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The overwhelming majority of Japanese visitors stay in hotels (95 percent), while six percent stay in private homes. The average number of nights Japanese visitors stay in the United States is seven nights, with 55 percent staying four to seven nights and 31 percent staying one to three nights.

Income—The average annual income of visitors from Japan was nearly \$101,200 in 2013, with 16 percent of Japanese visitors making \$40,000 to \$59,999 a year and four percent making \$300,000 or more. Over 61 percent make less than \$100,000 in annual income.

Export Opportunities

Currently, Japan is the fourth largest travel and tourism export market for the United States. While arrivals have been up and down over the past decade, travel exports, including passenger fares, have increased in five of the last seven years and are up 39 percent over 2009. The record year for Japanese travel exports was 2000, followed by a staggering three-year decline of 37 percent, due to factors such as 9/11, SARs, and the Gulf War. This decline was not unique to Japan and was exactly in line with the decline from the entire Asia-Pacific region. Since then, spending by visitors from Japan has increased in seven of the last 10 years. Travel exports, excluding passenger fares for the United States, increased dramatically in 2013, while total spending by Japanese travelers going

abroad declined by nearly 22 percent. As a result, the U.S. share of travel exports was 55.6 percent. This was up from 26 percent in 2009, and the United States has seen its share of travel exports increase in three of the last five years.

The 3.7 million visitors the United States welcomed from Japan in 2013 accounted for 21.3 percent of total Japanese outbound travelers. This was up for the second straight year. In 2009, the U.S. share of total Japanese outbound travel was 18.9 percent. In 2013, the percentage of Japanese travelers that visited the United States as a percentage of Japan's total population was small (0.3 percent), demonstrating clear opportunity for growth.

As a result, the potential for attracting a greater number of visitors from Japan will require taking advantage of, and creating, additional opportunities. The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual decline rate of more than -0.2 percent for Japan, culminating in 3.69 million arrivals from Japan in 2019, a one percent decline over the 2013 visitation level. If this decline is realized, Japan would drop to become the fifth largest international market (behind Canada, Mexico, China, and the United Kingdom, respectively) and the third largest overseas market in terms of visitation.

Despite the forecast, there is the potential to increase travel from Japan to the United States through targeted marketing and products that match Japanese preferences. There has recently been an increase in non-stop flights to Tokyo from Boston, Seattle, San Diego, San Jose and Denver, making it easier for Japanese travelers to get to the United States.

Additionally, within the Japanese outbound travel market, the senior travel segment shows especially good growth potential for U.S. firms and destinations. While the overall size of the Japanese population will slowly decrease, the number of people aged 60 and over is steadily increasing. Projections indicate that by the end of 2015, one out of every three people in Japan will be over the age of 60, which equates to roughly 42 million people (of the total population of 127 million). The Japanese senior segment, especially the 6.6 million baby boomers born between 1947 and 1949, was strongly influenced by American music, film and television. As a result, these baby boomers, especially Japanese males, have a favorable impression of the American lifestyle and culture. These seniors

have time, money and energy to spend on leisure travel and are the best match for long-haul destinations such as the United States.

Another opportunity to attract visitors from Japan is special interest tours (SIT). The Japanese are very focused on this segment, and participate in tours that emphasize such interests as:

- Spectator sports, such as baseball, basketball, soccer, and golf;
- Sports activities, such as golfing, hiking, fishing, diving, skiing and marathons;
- Art and cultural tours, such as visiting museums and art galleries, and going to concerts and theaters;
- UNESCO World Heritage Site tours;
- Hobby tours such as quilting, photo-taking, drawing, and dancing;
- Gourmet tours such as wine tastings and famous restaurants; and
- Cruises.

Challenges & Barriers

The National Travel and Tourism Office Forecast expects an overall decline in travel from Japan to the United States by 2019. Due to recent economic stagnation, coupled with the effects of the tsunami, Japanese travel to the United States has not been as strong and consistent as it could be. As the United States is a long-haul market for Japan, there are other factors that increase the cost to travel to the United States:

- **Fuel surcharge.** Fuel surcharges in Japan are set bi-monthly and are closely regulated by the Japanese Government. The prices are dependent on Singapore kerosene prices. For example, in February-March 2015, the fuel surcharge on tickets to North America was \$117 (each way). Starting April 1, 2015, the fuel surcharge changed to \$88 (each way) on tickets to North America. With the surcharge changing bi-monthly, it is difficult to predict what the rates will be, and there is a negative perception of the surcharge for long-haul travel.
- **Exchange rate.** The Japanese yen is weaker than it used to be against the U.S. dollar. In 2012, the exchange rate was USD1:JPY79.82, and in 2015, the exchange rate is USD1:JPY120.

Even with these challenges, the Japanese show a continued interest in traveling to the United States, particularly among certain segments of the population. This indicates the importance of targeted marketing

campaigns, tourism products that match up with Japanese traveler preferences, and U.S. Government and private sector coordination in market.

South Korea

South Korea has been a growth market in terms of arrivals and spending for the United States. With its relatively recent addition to the Visa Waiver Program, there is the potential to further increase the number of Korean travelers to the United States. The United States and South Korea share a long history of friendship and cooperation based on common values and interests, which can also be used to expand this market. To attract an increasing number of visitors from South Korea, the U.S. Government must continue to ensure that air services agreements allow capacity to meet demand and better coordinate work in market, including with the private sector, through a travel and tourism country plan. The private sector must ensure that Korean traveler preferences and growth segments match up with U.S. products.

Overall
Rank

9

The number of South Korean travelers visiting locations outside of South Korea totaled 14.9 million travelers in 2013, which is nearly 1.4 percent of all global outbound travel. According to Brand USA research that asked Korean travelers “what countries did you visit on your last international holiday in the past two years,” Japan was the top destination, followed by China, the United States, Thailand and Australia.

In 2013, travelers from South Korea spent \$21.7 billion when traveling abroad. South Korean spending abroad has increased dramatically, by almost 204 percent since 2000.^{xxvii} Even with this growth, the South Korean market has only seen its ranking as a top outbound tourism market in the world move from 15th in 2000 to 14th in 2013. South Korean traveler spending increased by five percent over the last year and now accounts for more than 1.8 percent of global tourism expenditures.

The major contributions to South Korea’s continued growth are the expansion of low-cost carriers for international destinations and the strong value of the Korean won. The local low-cost carriers significantly contributed to more affordable overseas travel by increasing the number of routes and destinations. Along with flight sales, sales of tour packages that included low-cost carriers also enjoyed high popularity for price-conscious consumers who mostly travelled for leisure.

South Koreans’ positive perception of overseas travel and the abundance of information sharing through mass media and social media are expected to continue to boost growth of outbound tourism in the coming years. The recent boom of social commerce (social

networks and websites that give product/service sellers access to a large pool of international travel consumers) is also contributing to this trend as they offer all types of travel products at unbeatable prices. Although the economic condition of the nation is threatened by the high rise of living costs and increasing proportion of household debt, outbound travel has not been affected negatively. On the demand side, the popularity of overseas travel is spreading across all age groups. Growth is also propelled by diversified and more affordable destinations.

Market Overview

The United States welcomed a record 1.36 million visitors from South Korea in 2013, an increase of nine percent when compared to the previous year. In fact, the growth in 2013 was the eighth increase in visitors from this country in the last 10 years, and the fourth year of record arrivals. South Korea obtained Visa Waiver Program status in 2008. After the decline in arrivals in 2009 as a result of the global downturn, South Korean arrivals skyrocketed by 49 percent in 2010. Since then, it has posted single-digit growth the last 3 years.^{xxviii} Since 2004, arrivals from South Korea have increased by 117 percent, the third fastest growth rate among the top 10 arrivals markets for the United States. South Korea is now the ninth largest visitor market for the country. South Korean arrivals have surpassed the one million mark for the last four years.

As an export market, South Korea also ranked ninth in terms of 2013 total travel and tourism-related spending in the United States. Like the growth in

arrivals, spending by South Koreans has also grown tremendously over the decade (137 percent). In 2013, South Korean travel and tourism exports totaled a record \$7.0 billion, a 17 percent increase over the previous year and a striking 52 percent increase over 2009. This translates into roughly \$19 million a day^{xxix} being injected into local economies around the country, supporting more than 36,400 U.S. jobs.^{xxx}

U.S. travel and tourism exports to South Korea now account for nearly 34 percent of all U.S. services exports and more than 11 percent of total exports to South Korea. Travel and tourism has enjoyed a positive trade surplus with South Korea for decades, a surplus that totaled nearly \$3.5 billion in 2013.

Understanding the “Typical” Traveler from South Korea

The National Travel and Tourism Office’s Survey of International Air Travelers provides key insights into travelers from South Korea:

Purpose of Trip— Most South Korean visitors to the United States come for leisure activities. As to the main purpose of their trip, the majority were on vacation/holiday (55 percent), followed by visiting friends and relatives (15 percent), business (11 percent), and convention/conference/trade show (nine percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 22 percent and 77 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by South Korean travelers were Agana, Guam (19 percent), Los Angeles, California (15 percent), Honolulu, Hawaii (14 percent), New York, New York (11 percent), San Francisco, California (nine percent), and Chicago, Illinois (four percent).

Number of States Visited—73 percent of South Korean travelers visited one state during their stay in the United States; over 17 percent visited two U.S. states; and 10 percent visited three or more states.

U.S. Destinations Visited: States/Territories and Cities—The top U.S. states/territories visited include California (29 percent), New York (22 percent), Guam (22 percent), Hawaii (16 percent), Nevada (12 percent), and Illinois (five percent). South Korean visitors favored New York City, New York (21 percent), Los Angeles-Long Beach, California (18 percent), Honolulu, Hawaii (14 percent), San Francisco, California (13

percent), Las Vegas, Nevada, (12 percent), Washington, DC (seven percent), and Chicago, Illinois (five percent).

Leisure Activities—The top leisure activities of South Korean visitors were sightseeing (81 percent), shopping (76 percent), visiting national parks and monuments (25 percent), experiencing fine dining (23 percent), visiting amusement/theme parks (20 percent), participating in water sports (20 percent), taking guided tours (18 percent), visiting art galleries/museums (18 percent), traveling to historical locations (17 percent), visiting cultural, ethnic heritage sites (16 percent), and attending concerts/plays/musicals (16 percent).

Transportation Used in the United States—The mode of travel most popular with South Korean visitors while in the United States was the use of rented auto (31 percent), followed by taxicab/limousine (29 percent), private or company auto (27 percent), air travel between U.S. cities (25 percent), city subway/tram/bus (24 percent), bus between cities (23 percent). Only four percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The overwhelming majority of South Korean visitors stayed in hotels (83 percent), while 22 percent stayed in private homes. The average number of nights South Korean visitors stayed in the United States was 19 nights, with 49 percent staying between four and seven nights and 15 percent staying 22 or more nights.

Income—The average annual income of visitors from South Korea was nearly \$76,740 in 2013, with 20 percent of South Korean visitors making under \$20,000 a year and four percent making \$300,000 or more. Over 80 percent made less than \$100,000 in annual income.

Export Opportunities

Currently, South Korea is the ninth largest travel and tourism export market for the United States. While arrivals have increased in eight of the last 10 years, travel exports have increased in nine of the last 10 years and are up 52 percent over 2009. Travel and tourism exports from South Korea have set records for four straight years, and are up 137 percent since 2004. The U.S. share of total South Korean outbound spending on travel exports (excluding passenger fares) was 31.8 percent in 2013. The U.S. share of outbound spending has increased in three of the last five years.

The record 1.36 million visitors the United States welcomed from South Korea in 2013 accounted for 9.2 percent of total outbound travelers from South Korea. The U.S. share of total South Korean outbound travel jumped in 2010 from 7.8 percent to 8.9 percent because of the 49 percent increase in travel to the United States that year. Since then, the United States has seen its share increased one-tenth of a percent each year to the current share. In 2013, the percentage of South Korean travelers that visited the United States as a percentage of South Korea's total population was small (0.5 percent), demonstrating clear opportunity for growth.

The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual increase of more than 4.7 percent for South Korea, culminating in nearly 1.8 million arrivals from South Korea in 2019, a 31 percent increase over the 2013 visitation level. South Korea is likely to remain the ninth largest arrivals market and the fourth fastest growth market among the top 10 arrivals markets for the United States.

Several developments in recent years have made it easier for visitors from South Korea to travel to the United States. South Korea became a Visa Waiver Program participant in 2008, allowing citizens of South Korea to travel to the United States visa-free for business or tourism for stays up to 90 days. South Korea is also one of the few markets that have a reciprocal trusted traveler agreement with the United States. South Korean citizens became eligible for the Global Entry program in 2012. It was the first permanent trusted traveler program the United States had in Asia, and it remains the only one in Asia.

Air capacity has also increased between the United States and South Korea. The United States and South Korea have had an Open Skies agreement since 1998. In June 2014, Delta launched a direct daily flight from Seoul to Seattle and United launched a daily direct flight from Seoul to Guam; and as of May 2014, Korean Air launched a direct daily flight from Seoul to Houston. There are currently a total of 199 flights per week to twelve cities in the United States. The U.S. private sector is continuously working to secure greater air capacity to the United States.

Almost one out of every three South Koreans travels overseas each year, one of the highest ratios in the world. Brand USA and other U.S. destination organizations are trying to take advantage of this

opportunity by undertaking more promotional and marketing campaigns in the market. U.S. tourism offices based in South Korea, including Brand USA's representation firm, offer educational training programs for U.S. companies on developing diverse products for unique U.S. travel experiences to encourage repeat visitors, including road trips, culinary tourism, cultural heritage, festivals, golf, ski, trekking and cruises.

South Korea is also an extremely technologically-savvy market – over 90 percent of South Korean households have Internet access, with over 93 percent of that access on a broadband basis. Hence, the Internet is the top information source for South Koreans in searching and selecting a travel destination. This could be a potential opportunity for technology-based promotions and marketing. The number of South Korean smartphone users also reaches close to 30 million, or two-thirds of the population, resulting in a rapid increase in mobile travel booking.

Challenges & Barriers

The foundation for attracting an increasing number of visitors from South Korea is in place, as South Korea already participates in the Visa Waiver and Global Entry programs, and air capacity continues to increase. The challenge remains in continuing to attract visitors from South Korea in the face of increasing marketing efforts from competing destinations, and economic factors which cause long-haul travel to be more expensive. Furthermore, if the United States does succeed in increasing visitation from South Korea, it is essential to ensure that air capacity keeps up with demand.

- **Competition.** Increased marketing efforts by other long-haul destinations (notably, Australia, New Zealand, Switzerland and Thailand) are creating greater competition for attracting visitors. Brand USA launched its advertising campaign in South Korea in October 2013 and continues to carry out nationwide programs to enhance the image of the United States and to help position it as a world-class, leisure and incentive destination. Brand USA is also working to communicate the mission/role of Brand USA to key stakeholders in South Korea and maintain close working relationships with all stakeholders.

- **Economic factors.** Economic factors such as currency exchange rates and fuel surcharges may have an influence on outbound travel, particularly to long-haul destinations like the United States. Fuel surcharges are based on Singapore kerosene prices. As of January 2015, for a one-way flight to the United States, Korea's two full-service carriers, Korean Air and Asiana, were charging \$58 for fuel surcharges, down from \$90 in December.^{xxxix}
- **Seasonality.** Seasonality affects product sales in low seasons, such as February, March and November, as there is less demand for outbound travel from South Korea during these times.

United Kingdom

The United Kingdom is a mature and stable, though slightly declining, market for the United States. Since 2000, the United States has seen as many annual increases as it has decreases from this market. However, because of its size, even single-digit growth from this market has an impact. Given that GDP growth in the United Kingdom is forecast to be better in the next several years than it has for the last six, there is potential for this market to recover. The British perceive the United States as friendly and diverse, so the potential to introduce them to new products should help this recovery. To attract an increasing number of visitors from the United Kingdom, the U.S. Government must communicate updates on entry processes and better coordinate work in market, including with the private sector, through a travel and tourism country plan. The private sector must work to ensure that UK traveler preferences and growth segments match up with U.S. products.

Overall
Rank

4

Historically, the United Kingdom has been, and still is, one of the top outbound tourism markets in the world. The number of British travelers visiting locations outside of the United Kingdom totaled 58.5 million travelers in 2013, nearly 5.4 percent of all global outbound travel. According to research data available from Brand USA that asked UK travelers “what countries did you visit on your last international holiday in the past two years,” the United States was the top destination, followed by Spain, France, Italy and Germany.

In 2013, travelers from the United Kingdom spent \$52.7 billion when traveling abroad, a two percent increase when compared to the previous year. British spending abroad has increased over 37 percent since 2000.^{xxxii} The United Kingdom now accounts for more than 4.4 percent of global tourism expenditures—positioning the United Kingdom as the world’s fifth largest spending market for international travel and tourism.

The number of outbound trips made by UK residents in 2013 reached 58.5 million, reflecting a rise of nearly four percent over the previous year. This was a return to positive growth after the nearly one percent decline in 2012. The financial crisis of 2008-2009 caused the number of outbound visitors to fall particularly steeply – from a peak of 69.5 million in 2006 to 55.6 million in 2010, a decrease of 13.9 million visits (20 percent) in four years. Over the two years since that time, the number of outbound visits has recovered slightly, increasing by 2.9 million.

With the growth in 2013, and continued growth in outbound tourism volumes in 2014, the UK market is likely to continue to post positive – but slow – growth for the next few years. UK consumers are expected to remain cautious and, although the global economy seems to be recovering, there are still many factors that could hamper growth, such as the high level of private and public debt, the effects of the scale-back of the quantitative easing programs (a monetary policy used by a central bank to stimulate an economy when standard monetary policy has become ineffective), and the political stability in Europe. The strengthening of the U.S. dollar will also have an impact on travel. Overall, the strong history of travel from the United Kingdom to the United States should continue.

Market Overview

The United States welcomed more than 3.8 million visitors from the United Kingdom in 2013, an increase of two percent when compared to the previous year. In fact, 2013 marked the first increase in arrivals from this market in the last five years (and the fifth out of 10 years).^{xxxiii} Since 2004, arrivals from the United Kingdom have declined three percent. Even with the slight decline over the decade, the United Kingdom is still the top overseas (excluding Canada and Mexico) arrivals market for the United States, a position it assumed in 2001 and has held ever since. While not a growth market, the United Kingdom has generated more than 3.7 million visitors to the United States every year since 1998. The year 2000 was the record year for British travel to the United States, during which the country hosted 4.7 million visitors.

As an export market, the United Kingdom ranked fifth in 2013 in terms of total travel and tourism-related spending in the United States. After a decade of no growth, the United Kingdom has dropped slightly from the third spot it held in 2004, when it only trailed Japan and Mexico. In 2013, UK travel and tourism exports totaled \$13.2 billion. This translates into roughly \$36 million per day^{xxxiv} being injected into local economies around the United States, supporting more than 68,000 U.S. jobs.^{xxxv}

U.S. travel and tourism exports to the United Kingdom now account for nearly 22 percent of all U.S. services exports and more than 12 percent of total exports to the market. Travel and tourism has enjoyed a positive trade surplus with the United Kingdom for decades—a surplus that totaled over \$1.7 billion in 2013.

Understanding the “Typical” Traveler from United Kingdom

The National Travel and Tourism Office Survey of International Air Travelers provides key insights into travelers from the United Kingdom:

Purpose of Trip—Most UK visitors to the United States come for leisure activities. As to the main purpose of their trip, the majority of arrivals were on vacation/holiday (64 percent), followed by visiting friends and relatives (18 percent), business (11 percent), and convention/conference/trade show (five percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 17 percent and 84 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by British travelers include New York, New York (18 percent), Orlando, Florida (13 percent), Newark, New Jersey (10 percent), Las Vegas, Nevada (seven percent), Los Angeles, California (six percent), San Francisco, California (five percent), Chicago, Illinois (five percent), and Miami, Florida (five percent).

Number of States Visited—The majority (74 percent) of British travelers visited only one state during their stay in the United States; over 16 percent visited two U.S. states; and 10 percent of British travelers visited three or more states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited included New York (30 percent), Florida (28 percent), California (17 percent), Nevada (11 percent), Texas (six percent), and Massachusetts

(six percent). British visitors favored New York City, New York (29 percent), Orlando, Florida (20 percent), Las Vegas, Nevada (11 percent), Los Angeles-Long Beach, California (nine percent), San Francisco, California (nine percent), Boston, Massachusetts (five percent), and Washington, DC (five percent).

Leisure Activities—The top leisure activities of British visitors were shopping (88 percent), sightseeing (80 percent), experiencing fine dining (39 percent), visiting national parks and monuments (37 percent), traveling to small towns/countryside (32 percent), traveling to historical locations (31 percent), visiting amusement/theme parks (30 percent), taking guided tours (30 percent), visiting art galleries/museums (29 percent), and attending concert/play/musical (19 percent).

Transportation Used in the United States—The mode of travel most popular with British visitors while in the United States was the use of a taxicab/limousine (43 percent), followed by rented auto (34 percent), city subway/tram/bus (33 percent), private or company auto (32 percent), air travel between U.S. cities (22 percent), and bus between cities (12 percent). Fewer than eight percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The majority of British visitors stayed in hotels (78 percent), while 31 percent stayed in private homes. The average number of nights British visitors stayed in the United States is 13 nights, with 31 percent staying four to seven nights, and 24 percent staying 11 to 14 nights.

Income—The average annual income of visitors from the United Kingdom was \$118,775 in 2013, with 18 percent of British visitors making \$60,000 to \$79,999 a year and six percent making \$300,000 or more. Nearly 57 percent made less than \$100,000 in annual income.

Export Opportunities

Currently, the United Kingdom is the fifth largest travel and tourism export market for the United States. While arrivals have been up and down over the decade, travel exports have increased in five of the last seven years and are up 14 percent over 2009. The record year for UK travel exports was 2008, and the following year travel exports declined a staggering 28 percent. Since then, spending by visitors from the United Kingdom has increased in three of the last four years.

In 2013, travel exports (excluding passenger fares) were \$9.8 billion, or 18.7 percent of all travel spending by travelers taking an international trip. In 2009, the U.S. share of travel exports for the United Kingdom was 17.9 percent. Since then, it increased for the next two years, and then leveled off at 19.7 percent. It dropped in 2013 as travel spending by British visitors to the United States declined, whereas total outbound spending increased by two percent.

The 3.8 million visitors the United States welcomed from the United Kingdom in 2013 accounted for less than 6.6 percent of total British outbound travelers. The U.S. share of total outbound has been between 6.5 percent in 2007 to 6.9 percent in 2010. Before dropping one tenth of a percent last year, the country's share of British outbound travel had been 6.7 percent for the previous two years. In 2013, the percentage of UK travelers that visited the United States as a percentage of the United Kingdom's total population was small (0.6 percent), demonstrating clear opportunity for growth.

As a result, there is a significant opportunity to attract more visitors from the United Kingdom. The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual growth rate of more than 2.3 percent for the United Kingdom, culminating in 4.4 million arrivals from the market in 2019, a 15 percent increase over the 2013 visitation level. If this growth is realized, the United Kingdom would become the fourth largest international market (behind Canada, Mexico and China, respectively) and the second largest overseas market in terms of visitation.

With the 4.7 million visitor record set back in 2000, the United States still has a long way to go in order to surpass this record.

One way to welcome more visitors from the United Kingdom to the United States would be to offer Global Entry to UK travelers. In August 2013, U.S. Customs and Border Protection (CBP) expanded the Global Entry program to include UK citizens on a limited basis (UK frequent flyers to the United States) as part of the International Expedited Travelers Initiative, an international trusted traveler program between Customs and Border Protection and the UK Border Agency. As of December 2013, Global Entry was no longer accepting applications, after the pilot easily reached its membership goal. CBP is currently undertaking efforts to make the program permanent.

The UK Registered Traveler program expedites entry into the United Kingdom, so its recent release and development means that Global Entry should now be able to move forward. Also, according to the Department of Homeland Security, the United States is actively working towards preclearance in the United Kingdom and is expecting to see at least one UK airport roll out preclearance in the next 18 to 36 months.

Additionally, according to ITA's Commercial Service officers in market, the United States is one of the only major global destinations that does not offer all-inclusive packages, which saw a 32 percent growth among UK travelers from 2004 to 2009 due to an increasing interest in best value/hassle-free travel. The meetings, incentive and convention travel segment is also underserved in the United Kingdom. These segments could offer opportunities for the United States to increase market share.

Finally, the United Kingdom is falling short on capacity for landing slots at Heathrow, but there are plans to build High Speed 2, a high-speed rail network which would connect the north and south of the country, effectively enabling Birmingham airport to compete with London and providing more flight capacity.

Challenges & Barriers

Although the United Kingdom remains a top market for the United States, there are a number of challenges that may affect greater growth from this market:

- **Air Passenger Duty.** Imposed by the UK government, the Air Passenger Duty (APD) disadvantages long-haul travel, costing each U.S.-bound economy passenger an additional \$108 per ticket (approximate, based on exchange rate), as contrasted to \$20 per ticket within the European Union. Other classes could add more than \$200 for flights to the United States, versus \$40 for flights within the European Union. This is the highest APD in the world. However, at the end of 2014, the UK's Chancellor of the Exchequer announced some changes to the duty, abolishing it from May 1, 2015 for children under 12 (traveling in economy class), and in 2016 further abolishing it for children under 16. This will greatly benefit UK families traveling to the United States.
- **Entry/exit experience.** Despite efforts to improve the entry/exit experience for international

travelers, there remains the perception that entering the United States is a difficult and overall negative experience.

- **Lack of U.S. coordination in market.** Within the United Kingdom, there are multiple stakeholders – public and private – involved in the travel and tourism industry, including the Departments of Commerce and State, Brand USA, and the private sector Visit USA Committee. Despite efforts to increase coordination and develop a country plan for travel and tourism, there continues to be a lack of coordination between entities. This results in

messages not being communicated optimally among stakeholders and among potential UK travelers, including clarifying and providing updates on the entry/exit process and procedures.

While the APD is not in the hands of the U.S. Government, the United States can affect the entry/exit experience and better communicate improvements in this experience, as well as better coordinate work between the U.S. Government and the private sector, including Brand USA representatives, in market.

Appendix 1: Methodology

Ranking countries by international visitation or spending resulted in the same markets rising to the top of the list of more than 190 countries from around the world. Therefore, the National Travel and Tourism Office (NTTO) used its 2014 fall Forecast for International Travel (Forecast), which is based on a multitude of economic indicators, to derive the top markets for U.S. travel and tourism.

Top Travel and Tourism Export Markets						
Ranking	Country of Origin	Visitation 2013	Forecast 2019	Change 19/13	Percentage Change	CAGR 19/13
	Grand Total	69,768	88,287	18,519	27 percent	4.0 percent
	Overseas	32,038	41,841	9,803	31 percent	4.5 percent
1	Canada	23,387	26,594	3,206	14 percent	2.2 percent
2	Mexico	14,343	19,853	5,510	38 percent	5.6 percent
3	China	1,807	4,910	3,103	172 percent	18.1 percent
4	United Kingdom	3,835	4,404	569	15 percent	2.3 percent
5	Japan	3,730	3,691	(40)	-1 percent	-0.2 percent
6	Brazil	2,060	2,950	890	43 percent	6.2 percent
7	Germany	1,916	2,158	242	13 percent	2.0 percent
8	France	1,505	1,847	343	23 percent	3.5 percent
9	Korea	1,360	1,788	428	31 percent	4.7 percent
10	Australia	1,205	1,510	305	25 percent	3.8 percent
11	Colombia	748	1,285	537	72 percent	9.4 percent
12	India	859	1,265	406	47 percent	6.7 percent
13	Italy	839	1,109	270	32 percent	4.8 percent
14	Argentina	686	835	149	22 percent	3.3 percent
15	Spain	620	760	140	23 percent	3.5 percent
16	Netherlands	589	670	81	14 percent	2.2 percent
17	Sweden	477	637	160	34 percent	4.9 percent
18	Switzerland	473	559	86	18 percent	2.8 percent
19	Venezuela	788	535	(253)	-32 percent	-6.3 percent
20	Taiwan	385	487	102	27 percent	4.0 percent

NTTO's Forecast is created by taking into account economic, demographic, and social factors, as well as historical visitation trends, input from staff in market and numerous other sources. The Forecast is based on a country-level, bottom-up consensus approach by a four-member team. Each team member develops independent country-level estimates for the top 20 visitor origin markets (accounting for 88 percent of total international arrivals) based on quantitative data and qualitative information. The team then reaches consensus to arrive at the final estimates. The NTTO multi-person, multi-factor approach reflects the lack of a strong statistical relationship (correlation) between total annual traveler volume to the United States from a specific country and any specific piece of quantitative data for that country, such as changes in real gross domestic product or currency exchange rate levels. Because of this approach, it is not possible to isolate the impact of any one factor on a country's traveler volume forecast.

According to the current Forecast, the United States would see 3.3 percent to 5.9 percent annual growth rates in visitor volume over the 2014-2019 timeframe. By 2019, this growth would produce 88.3 million visitors (a 27 percent increase) and more than 18 million additional visitors compared to 2013. The latest Forecast estimates a compound annual growth rate over the forecast period of 4.0 percent. This rate is slightly higher than the rate in the spring 2014 forecast due to a one-time 2014 "artificial" volume increase produced by traveler record processing automation that improved the ability to define one-night only overseas travelers. Most of these travelers were not previously included in overseas traveler counts.

All but two top-20 visitor origin countries are forecast to grow between 2013 and 2019. Countries with the largest projected total growth percentages are China (172 percent), Colombia (72 percent), India (47 percent), Brazil (43 percent), and Mexico (38 percent).

Five countries are expected to account for 72 percent of the projected growth from 2013 through 2019 – Mexico (30 percent), Canada (17 percent), China (17 percent), Brazil (five percent), and the United Kingdom (three percent).

Although China and Brazil continue to get the most attention because of their consistent and very high growth rates, the traditional top origin countries will dictate actual volume growth and the ultimate accuracy of the Forecast. For example, despite a small 3.0 percent growth rate, Canada produced a greater number of additional travelers in 2013 compared to the previous year than China and Brazil combined. It is worth noting that the number of arrivals the United States welcomed from Canada in 2013 is more than the arrivals from the top 10 overseas markets—combined.

If the fall 2014 Forecast is realized through 2019, the current top 10 markets will remain, but China will move from seventh in 2013 to third in 2019, while the United Kingdom, Japan, Brazil, and Germany will all slip down one place in the ranking. Outside of the top 10, Colombia would move from 14th in 2013 to 11th in 2019.

Forecast Highlights by Region

North America—The top two markets generating visitors to the United States – Canada and Mexico – are both estimated to increase over the forecast period. Canada is expected to grow 2.2 percent per year on average to reach 26.6 million visitors (one or more nights), an increase of 3.2 million over the 2013 volume. Mexico is expected to grow 5.6 percent per year on average to reach 19.9 million visitors in 2019, an increase of 5.5 million visitors over 2013.

Europe—By 2019, arrivals from Europe are projected to be 15.4 million, or 20 percent greater than the 2013 volume. The largest growth from Europe will come from the United Kingdom (+569,000), France (+343,000), and Germany (+242,000). These growth forecasts reflect low growth rates based on large traveler volume bases. For perspective, Western European countries are expected to produce 2.1 million additional travelers in 2019 versus 2013, compared to just 422,000 additional travelers from Eastern European countries.

Asia-Pacific—This world region is expected to produce a 44 percent increase in visitors by 2019. Japan, the largest Asian market and second-largest overseas market, is forecast to decrease over the first half of the forecast period and then rebound slowly to produce a total decline of 40,000 travelers by the end of 2019. Thus, 2019 volume will remain well below the 1997 record level of 5.4 million. High growth rates and large growth volumes are expected for China (24 percent), India (nine percent), and South Korea (six percent) in 2014. Similarly, these countries are expected to have among the largest total visitor volume growth of any country from 2013 through 2019. China is expected to increase a total of 3.1 million visitors, or 172 percent through 2019, and produce the third-largest number of additional visitors behind Mexico and Canada. South Korea is expected to produce an additional 428,000 visitors (+31 percent), while India could add 406,000 visitors (+47 percent). Australia dominates the Oceania region and is projected to increase 305,000 visitors, or 25 percent, between 2013 and 2019.

South America—South America will remain a top source of additional travelers for the next several years. By 2019, South America will generate nearly 1.6 million more visitors, a 31 percent increase compared to 2013. Brazil, the largest source market in the region, is expected to build on its 2013 record-breaking performance and increase seven percent in 2014. By 2019, the United States could host 3.0 million Brazilian visitors, a 43 percent increase over 2013. Venezuela, Colombia, and Argentina, which ranked 13th, 14th, and 15th, respectively, in 2013, are forecast to have very different performance paths through 2019. Colombia should produce the greatest growth of 537,000 visitors (+72 percent), followed by Argentina's additional 149,000 visitors (+22 percent). Political and economic turmoil and instability have changed the outlook for Venezuela from strong potential growth to projected steep declines (-32 percent).

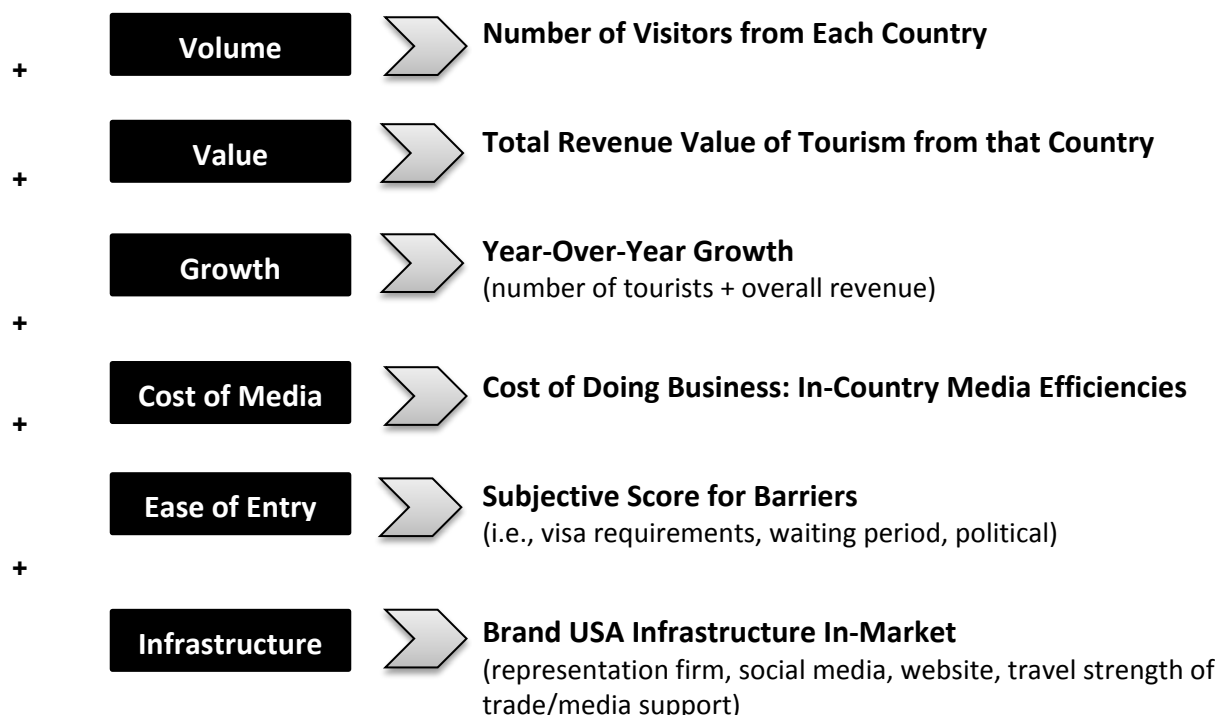
Brand USA Market Prioritization Model

Brand USA was established by the Travel Promotion Act of 2009 to spearhead the nation's first global marketing effort to promote the United States as a premier travel destination, communicate U.S. entry/exit policies and procedures and identify and correct misconceptions about those policies.

This innovative public-private partnership is expected to put the United States on equal footing with other countries' tourism promotion efforts and bring millions of new international visitors to the United States who will spend billions of dollars during their travels—thus creating thousands of new American jobs each year.

In an effort to maximize their promotion results, Brand USA has developed “a simple, but powerful formula to select markets for the consumer campaign—with the key principle being where can we maximize results?”^{xxxvi}

Brand USA's market prioritization model evaluates six key factors:



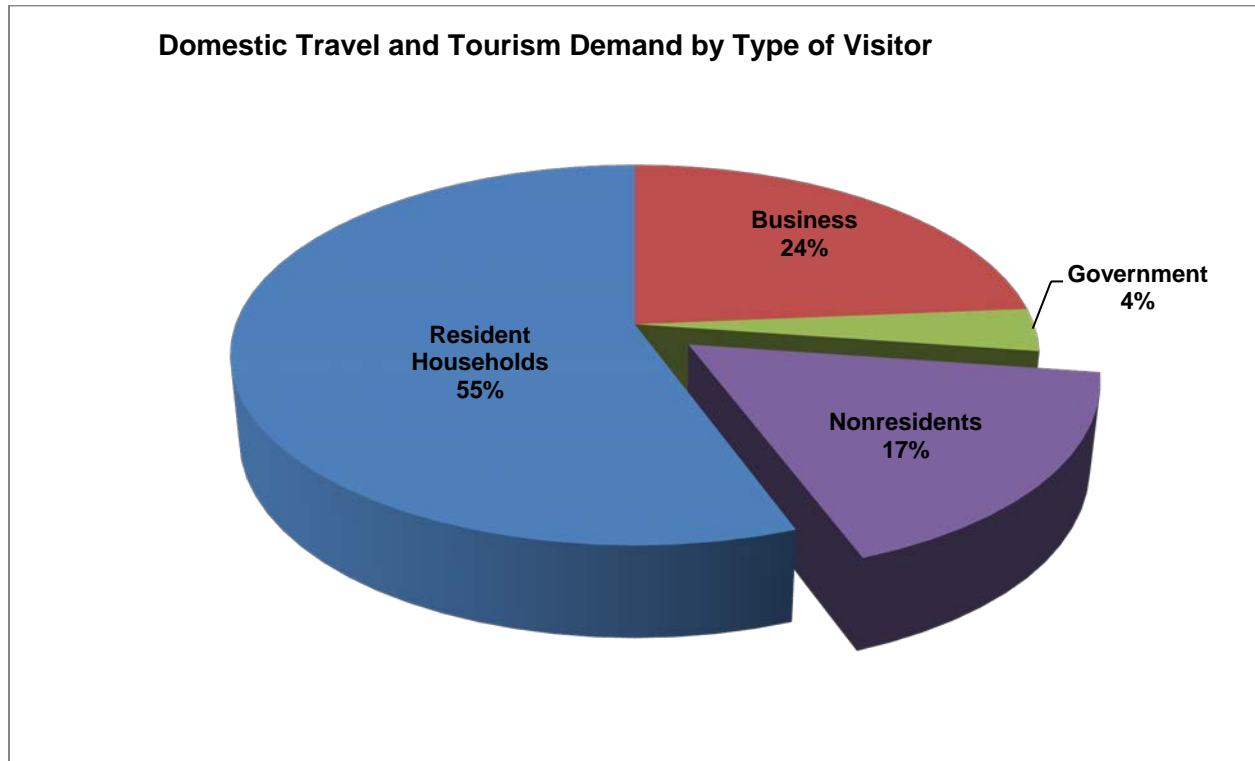
Brand USA took the results of their model and launched a consumer campaign in nine markets during FY2013 – Australia, Brazil, Canada, China, Germany, Japan, Mexico, South Korea, and the United Kingdom. Each of these countries also appears in the list of top 10 markets for U.S. travel and tourism exports. There is little variance in the top markets irrespective of the approach taken:

Top 10 Travel and Tourism Export Markets				
Country of Origin	NTTO Ranking ^{xxxvii}	BrandUSA Ranking ^{xxxviii}	2013 Arrivals Ranking	2013 Exports Ranking
Canada	1	1	1	1
Mexico	2	2	2	3
China	3	3	7	2
United Kingdom	4	7	3	5
Japan	5	*	4	4
Brazil	6	10	5	6
Germany	7	6	6	8
France	8	*	8	*
Korea	9	5	9	9
Australia	10	4	10	10
India	*	9	*	7

*Not a top 10 market for this approach.

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Appendix 2: Travel and Tourism Data



Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Travel and Tourism Satellite Account, Table 3, Demand for Commodities by Type of Visitor, 2012.

U.S. TRAVEL AND TOURISM BALANCE OF TRADE: ALL COUNTRIES*

Receipts (Exports) and Payments (Imports)

2004-2013

[Millions of U.S. Dollars]

Receipts (Exports)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Travel and Tourism-Related Exports⁽¹⁾	\$110,319	\$122,079	\$126,778	\$144,224	\$164,718	\$146,005	\$167,997	\$187,630	\$200,613	\$214,773
% Change	16%	11%	4%	14%	14%	-11%	15%	12%	7%	7%
Travel (for all purposes including education)⁽²⁾⁽³⁾	\$92,387	\$101,470	\$105,140	\$119,037	\$133,761	\$119,902	\$137,010	\$150,867	\$161,249	\$173,131
% Change	15%	10%	4%	13%	12%	-10%	14%	10%	7%	7%
Business	\$33,949	\$38,151	\$39,333	\$42,819	\$45,941	\$36,518	\$39,523	\$40,281	\$39,272	\$39,396
% Change	12%	12%	3%	9%	7%	-21%	8%	2%	-3%	0%
Personal	\$58,437	\$63,320	\$65,807	\$76,218	\$87,820	\$83,384	\$97,487	\$110,586	\$121,978	\$133,736
% Change	17%	8%	4%	16%	15%	-5%	17%	13%	10%	10%
Passenger Air Transport⁽⁴⁾	\$17,932	\$20,609	\$21,638	\$25,187	\$30,957	\$26,103	\$30,987	\$36,763	\$39,364	\$41,642
% Change	19%	15%	5%	16%	23%	-16%	19%	19%	7%	6%
Payments (Imports)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Travel and Tourism-Related Imports⁽¹⁾	\$94,237	\$101,419	\$106,848	\$112,788	\$119,837	\$102,953	\$110,049	\$116,447	\$129,882	\$136,706
% Change	19%	8%	5%	6%	6%	-14%	7%	6%	12%	5%
Travel (for all purposes including education)⁽²⁾⁽³⁾	\$74,024	\$79,988	\$84,206	\$89,235	\$92,545	\$81,421	\$86,623	\$89,700	\$100,317	\$104,677
% Change	20%	8%	5%	6%	4%	-12%	6%	4%	12%	4%
Business	\$21,811	\$22,813	\$23,047	\$23,999	\$23,204	\$19,273	\$21,274	\$20,675	\$20,104	\$21,228
% Change	18%	5%	1%	4%	-3%	-17%	10%	-3%	-3%	6%
Personal	\$52,213	\$57,175	\$61,158	\$65,236	\$69,341	\$62,148	\$65,349	\$69,024	\$80,213	\$83,449
% Change	20%	10%	7%	7%	6%	-10%	5%	6%	16%	4%
Passenger Air Transport⁽⁴⁾	\$20,213	\$21,431	\$22,642	\$23,553	\$27,292	\$21,532	\$23,426	\$26,747	\$29,565	\$32,029
% Change	17%	6%	6%	4%	16%	-21%	9%	14%	11%	8%
Balance of Trade	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Balance of Trade	\$16,082	\$20,660	\$19,930	\$31,436	\$44,881	\$43,052	\$57,948	\$71,183	\$70,731	\$78,067

* Includes spending by visitors from Canada and Mexico, spending which is not included in the overseas estimate.

¹ Total Travel and Tourism Exports/Imports represents the sum of 'Travel' + 'Passenger Air Transport' exports/imports (what international visitors spent while here + what they spent to get here).

² Travel: These accounts cover purchases of goods and services by U.S. persons traveling abroad and by foreign travelers in the United States for business or personal reasons. These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to a foreign visit.

³ All travel purposes include 1) business travel, including expenditures by border, seasonal, and other short-term workers and 2) personal travel, including health-related and education-related travel, along with spending on day-trips (less than one night).

⁴ Fares received for the transport of nonresidents by U.S. air carriers between the United States and foreign countries and between two foreign points (exports), and the transport of U.S. residents by foreign air carriers between the United States and foreign countries (imports).

Source: U.S. Department of Commerce, National Travel and Tourism Office from the Bureau of Economic Analysis, June 2014.

Rank		Country	2013 Arrivals
1		Canada (+3 percent) Canada improved its position as the arrivals leader, setting a volume record for the 4th consecutive year and providing 690,000 additional visitors. The bulk of the 3 percent increase was from the small one-night auto segment, which was up 19 percent for the year and which began registering big increases coinciding with the June 2012 duty-free exemption increase. Canada accounted for a 33.5 percent share of 2013 visitor volume.	23.39 Million
2		Mexico (+1 percent) In 2013, Mexico came within 140,000 visits of breaking its 2007 record for arrivals to the United States, in spite of an ongoing trend of less than robust growth since 2007. As usual from this market, monthly performance throughout the year produced no discernible patterns. Mexico accounted for a 20.6 percent share of 2013 visitor volume.	14.34 Million
3		United Kingdom (+2 percent) United Kingdom's visitor volume was up in 2013 for the first time in 5 years. While encouraging, visitor volume remains down 870K from the 2000 peak of 4.7 million. Monthly moving averages have turned increasingly positive, providing a bullish outlook for the start of a new travel year—the first in many years. The U.K. accounted for a 5.5 percent share of 2013 visitor volume.	3.84 Million
4		Japan (+1 percent) Japan's visitor volume grew just 1 percent in 2013, remaining well below its 1997 record of 5.4 million visitors. Japan's modest performance in 2013 followed sharp increases in visitation to the United States (14 percent) and to the world in 2012. Japan accounted for a 5.3 percent share of 2013 visitor volume.	3.73 Million
5		Brazil (+15 percent) Brazil registered another double-digit growth rate in 2013. This performance was in line with expectations and extends the growth streak to 10 years. The result is a 4th consecutive record for arrivals. Brazil has now registered double-digit growth in 9 of the past 10 years, and in 2013 surpassed Germany for the #5 spot of top visitor origin markets. Brazil accounted for a 3.0 percent share of 2013 visitor volume.	2.06 Million
6		Germany (+2 percent) Germany once again flirted with breaking the long-standing volume record set in 1996 by registering a 2 percent increase in 2013—the 4th consecutive year of positive volume growth. Germany accounted for a 2.7 percent share of 2013 volume.	1.92 Million
7		China (+23 percent) China's 23 percent increase in 2013 visitor volume was slightly lower than expectations, but was easily the largest growth rate among the top ten countries. China jumped two places in ranking in 2012; and its growth rates have been between 19 percent and 53 percent in 9 of the last 10 years. China accounted for a 2.6 percent share of 2013 visitor volume.	1.81 Million
8		France (+3 percent) True to form, France's visitor volume performance was counter to expectations. The 3 percent growth in 2013 easily beat the NTTO forecast of a small decline and set a new volume record by barely exceeding the 2011 previous record level. France accounted for a 2.2 percent share of 2013 visitor volume.	1.50 Million
9		South Korea (+9 percent) South Korea registered another solid increase in 2013 to set a 4th consecutive arrivals record. Since inclusion in the Visa Waiver Program in late 2008, South Korea's annual performance had been uneven at -2 percent, +49 percent, +3 percent, but is now a stable +9 percent for the 2nd consecutive year. South Korea accounted for a 1.9 percent share of 2013 visitor volume.	1.36 Million
10		Australia (+7 percent) Australia had a strong 7 percent increase in 2013 registering its 9th straight record year. This market has produced monthly performance growth in 46 of the past 48 months—one of the best performances of any origin country. Australia accounted for a 1.7 percent share of 2013 visitor volume.	1.21 Million

U.S. TRAVEL AND TOURISM BALANCE OF TRADE: OVERSEAS^{*}
Receipts (Exports) and Payments (Imports)
2004-2013
(Millions of U.S. Dollars)

Receipts (Exports)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Travel and Tourism-Related Exports⁽¹⁾	\$84,772	\$93,434	\$95,375	\$109,799	\$127,400	\$113,959	\$130,076	\$146,253	\$156,830	\$168,834
% Change	17%	10%	2%	15%	16%	-11%	14%	12%	7%	8%
Travel (for all purposes including education)⁽²⁾⁽³⁾	\$70,035	\$77,018	\$78,683	\$90,136	\$102,343	\$93,132	\$105,988	\$117,062	\$125,265	\$135,396
% Change	17%	10%	2%	15%	14%	-9%	14%	10%	7%	8%
Of Which: Education Related⁽⁴⁾	\$12,643	\$12,948	\$13,513	\$14,760	\$16,653	\$18,341	-	\$21,475	\$23,479	\$25,797
% Change	2%	2%	4%	9%	13%	10%	-	-	9%	10%
Of Which: Other Business/Other Personal Travel⁽⁵⁾	\$54,779	\$60,991	\$61,845	\$72,261	\$82,417	\$71,778	\$84,123	\$93,153	\$99,267	\$106,894
% Change	20%	11%	1%	17%	14%	-13%	17%	11%	7%	8%
Passenger Air Transport⁽⁶⁾	\$14,737	\$16,416	\$16,692	\$19,663	\$25,057	\$20,827	\$24,088	\$29,191	\$31,565	\$33,438
% Change	21%	11%	2%	18%	27%	-17%	16%	21%	8%	6%
Payments (Imports)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Travel and Tourism-Related Imports⁽¹⁾	\$75,825	\$82,522	\$87,530	\$93,166	\$100,593	\$86,036	\$92,170	\$98,636	\$110,840	\$115,977
% Change	21%	9%	6%	6%	8%	-14%	7%	7%	12%	5%
Travel (for all purposes including education)⁽²⁾⁽³⁾	\$56,913	\$62,422	\$66,160	\$70,756	\$74,552	\$65,502	\$69,919	\$73,226	\$82,898	\$86,001
% Change	21%	10%	6%	7%	5%	-12%	7%	5%	13%	4%
Of Which: Education Related⁽⁴⁾	\$3,213	\$3,633	\$4,066	\$4,312	\$4,709	\$4,734	\$5,051	\$5,392	\$5,702	\$6,078
% Change	12%	13%	12%	6%	9%	1%	7%	7%	6%	7%
Of Which: Other Business/Other Personal Travel⁽⁵⁾	\$52,867	\$57,842	\$60,938	\$65,193	\$68,494	\$59,343	\$63,319	\$66,159	\$75,385	\$77,947
% Change	22%	9%	5%	7%	5%	-13%	7%	4%	14%	3%
Passenger Air Transport⁽⁶⁾	\$18,912	\$20,100	\$21,370	\$22,410	\$26,041	\$20,534	\$22,251	\$25,410	\$27,942	\$29,976
% Change	19%	6%	6%	5%	16%	-21%	8%	14%	10%	7%
Balance of Trade	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Balance of Trade	\$8,947	\$10,912	\$7,845	\$16,633	\$26,807	\$27,923	\$37,906	\$47,617	\$45,990	\$52,857

^{*} Excludes tourism-related spending by visitors from Mexico and Canada; visitors from Mexico and Canada spent \$x and \$x, respectively, experiencing the United States in 2013.

¹ Total Travel and Tourism Exports/Imports represents the sum of 'Travel' + 'Passenger Air Transport' exports/imports (what international visitors spent while here + what they spent to get here).

² Travel: These accounts cover purchases of goods and services by U.S. persons traveling abroad and by foreign travelers in the United States for business or personal reasons. These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to a foreign visit.

³ All travel purposes include 1) business travel, including expenditures by border, seasonal, and other short-term workers and 2) personal travel, including health-related and education-related travel, along with spending on day-trips (less than one night).

⁴ All costs foreign students incur in the United States, including tuition at a U.S. institution.

⁵ This category includes business travel other than expenditures by border, seasonal, and other short-term workers, and personal travel other than education-related travel and health-related travel.

⁶ Fares received for the transport of nonresidents by U.S. air carriers between the United States and foreign countries and between two foreign points (exports), and the transport of U.S. residents by foreign air carriers between the United States and foreign countries (imports).

Source: U.S. Department of Commerce, National Travel and Tourism Office from the Bureau of Economic Analysis, December 2014.

The Survey of International Air Travelers program provides some of the most comprehensive, comparable survey data available on international travelers' characteristics, travel patterns, spending habits, tourism-related activities, among other things. The Survey has been conducted on a monthly basis continuously since January 1983. Data from the survey are an invaluable source for planners and marketers, often used to analyze behavior of specific visitor segments.

The National Travel and Tourism Office collects survey data from 69,000-95,000 overseas travelers each year. The survey results are weighted so they represent the international travel populations of U.S. resident and nonresidents based upon Customs and Border Protection I-92 and I-94 data.

Here are some examples of the In-Flight Survey program as it relates to overseas arrivals:

Question 6a: When planning THIS trip, how did you obtain the information used for planning?

Information Sources Used to Plan Trip (multiple responses)	2012 (Percent)	2013 (Percent)	percent Point Change
Airlines Directly	43	43	0.5
Online Travel Agency	29	31	1.1
Personal Recommendation	24	24	0.2
Travel Agency Office	25	24	-1.5
Corporate Travel Dept.	12	13	0.4
Travel Guides	13	12	-0.4
Airlines Directly	43	43	0.5
Online Travel Agency	29	31	1.1

Question 13a: Please indicate what is/was the MAIN purpose of your trip?

Main Purpose of Trip (top 5 of 8)	2012 (Percent)	2013 (Percent)	percent Point Change
Vacation/Holiday	57	57	0.2
Visit Friends/Relatives	17	17	0.5
Business**	13	12	-0.7
Convention/Conference	8	7	-0.5
Education	4	5	0.2

Question 21: What types of transportation were or will be used on THIS trip?

Transportation Types Used in the United States (multiple response; top 8 of 11)	2012 (Percent)	2013 (Percent)	percent Point Change
Taxi/Cab/Limousine	35	35	0.1
Rented Auto	32	33	0.9
Airlines in U.S.	33	33	-0.7
City Subway/Tram/Bus	32	32	0.2
Company or Private Auto	32	31	-0.5
Bus between Cities	18	18	0.4
Ferry/River Taxi/Srt Scenic Cruise	10	10	0.0
Railroad between Cities	7	7	-0.2

Question 22: On this trip, did, or will, anyone in the traveling party engage in the following leisure activities?

Activity Participation Within the United States (multiple response; top 10 of 22)	2012 (Percent)	2013 (Percent)	percent Point Change
Shopping	88	88	-0.1
Sightseeing	77	77	0.1
Experience Fine Dining	38	39	0.8
National Parks/Monuments	33	34	0.2
Art Gallery/Museum	28	28	0.0
Amusement/Theme Parks	27	28	0.9
Historical Locations	26	27	0.8
Small Towns/Countryside	27	27	-0.2
Guided Tours	24	24	-0.6
Concert/Play/Musical	18	18	-0.7

SELECTED TRAVELER CHARACTERISTICS	2012 (Percent)	2013 (Percent)	Change
Advance Trip Decision Time (mean days)	91	94	3.6
Advance Trip Decision Time (median days)	60	60	0.0
Prepaid Package	19	18	-0.9
First International Trip to the U.S.	23	24	0.5
Length of Stay in U.S. (mean nights)	17.0	17.5	0.5
Length of Stay in U.S. (median nights)	9	9	0.0
Number of States Visited (percent 1 state)	71	72	1.7
Average Number of States Visited	1.5	1.4	-0.1
Hotel/Motel (percent 1+ nights)	79	78	-0.3
Average # of Nights in Hotel/Motel	9.3	9.7	0.4
Travel Party Size (mean # of persons)	1.6	1.6	0.0
Gender: percent Male (among adults)	55	56	0.1
Household Income (mean average)	\$99,814	\$94,820	-\$4,994
Household Income (median average)	\$72,346	\$67,826	-\$4,520
Average Age: Female (among adults)	39	39	0.0
Average Age: Male (among adults)	41	41	-0.1

U.S. Destinations Visited*	Market Share 2012 (Percent)	Volume 2012 (000s)	Market Share 2013 (Percent)	Volume 2013 (000s)
Regions				
Middle Atlantic	34.4	10,238	33.9	10,861
South Atlantic	31.1	9,256	30.7	9,836
Pacific	21.6	6,428	21.5	6,888
Pacific Islands	14.2	4,226	14.5	4,646
Mountain	12.1	3,601	11.8	3,781
East North Central	7.1	2,113	6.7	2,147
West South Central	5.7	1,696	6.1	1,954
New England	5.5	1,637	5.4	1,730
West North Central	2.1	625	1.9	609
East South Central	1.5	446	1.4	449
States				
New York	31.3	9,315	30.6	9,804
Florida	22.1	6,577	22.5	7,209
California	20.2	6,012	20.2	6,472
Hawaiian Islands	9.5	2,827	9.9	3,172
Nevada	9.3	2,768	9.1	2,915
Texas	4.5	1,339	4.9	1,570
Guam	4.7	1,399	4.6	1,474
Illinois	4.7	1,399	4.5	1,442
Massachusetts	4.5	1,339	4.3	1,378
Pennsylvania	3.2	952	3.1	993
New Jersey	2.9	863	2.9	929
Arizona	2.7	804	2.6	833
Georgia	2.5	744	2.2	705
Washington	1.5	446	1.6	513
Utah	1.6	476	1.5	481
Colorado	1.5	446	1.2	384
North Carolina	1.3	387	1.2	384
Louisiana	1.0	298	1.1	352
Ohio	1.2	357	1.1	352
Virginia	1.3	387	1.1	352
Maryland	1.0	298	1.0	320

U.S. Destinations Visited*	Market Share 2012 (Percent)	Volume 2012 (000s)	Market Share 2013 (Percent)	Volume 2013 (000s)
Cities				
New York City	30.6	9,107	29.9	9,579
Miami	11.7	3,482	12.5	4,005
Los Angeles	11.4	3,393	11.8	3,781
Orlando	10.7	3,184	11.6	3,716
San Francisco	9.4	2,798	9.5	3,044
Las Vegas	9.1	2,708	8.9	2,851
Honolulu (Oahu)	7.5	2,232	8.0	2,563
DC Metro Area	5.9	1,756	5.3	1,698
Chicago	4.6	1,369	4.3	1,378
Boston	4.2	1,250	4.0	1,282
San Diego	2.6	774	2.6	833
Houston	2.2	655	2.5	801
Philadelphia	2.0	595	2.1	673
Atlanta	2.2	655	1.8	577
Flagstaff	1.8	536	1.7	545
Anaheim-Santa Ana	1.6	476	1.5	481
Seattle	1.4	417	1.5	481
Dallas-Plano-Irving	1.4	417	1.4	449
Tampa-St. Petersburg	1.4	417	1.4	449
San Jose	1.4	417	1.3	416
Ft. Lauderdale	1.7	506	**	**
Buffalo	1.0	298	**	**

Due to quarterly data weighting by country and port of entry, some unreported destinations may have a higher proportion of total than those reported.

* Only census region, state, and city destinations having a sample size of 400 or more are displayed.

** Estimate not shown due to sample size fewer than 400 for this year.

Jobs Supported by U.S. Travel and Tourism-Related Exports

Output per Employee:

2013 Total U.S. Travel and Tourism Output: \$1.469714 trillion

2013 Total U.S. Travel and Tourism Employment: 7.598 million

\$1.469714 trillion / 7.598 million = **\$193,434 per employee**

Travel and Tourism-Related Exports to Overseas Visitors:

2013 Total Spending in the United States by Visitors from Overseas: **\$168.834 billion**

Divide Total Exports by Output-Per-Employee Figure:

\$168.834 billion / \$193,434 = **872,825 jobs supported**

Forecast of International Travelers to the United States by Top Origin Countries*

Estimates in thousands

Rank	Visitor	%		%		%		%		%		%		%		%		
Order	Origin	Actual	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change	Change	Change	CAGR
2013	Country	2013	13/12	2014	14/13	2015	15/14	2016	16/15	2017	17/16	2018	18/17	2019	19/18	19/13	19/13	19/13
	Grand Total	69,768	4.7%	73,887	5.9%	76,589	3.7%	79,127	3.3%	82,279	4.0%	85,432	3.8%	88,287	3.3%	18,519	27%	4.0%
1	Canada	23,387	3.0%	23,621	1%	24,094	2%	24,575	2%	25,313	3%	26,072	3%	26,594	2%	3,206	14%	2.2%
2	Mexico	14,343	1.0%	16,638	16%	17,469	5%	17,994	3%	18,713	4%	19,275	3%	19,853	3%	5,510	38%	5.6%
	Overseas*	32,038	7.7%	33,629	5%	35,026	4%	36,558	4%	38,253	5%	40,085	5%	41,841	4%	9,803	31%	4.5%
3	United Kingdom	3,835	1.9%	3,950	3%	4,029	2%	4,110	2%	4,192	2%	4,276	2%	4,404	3%	569	15%	2.3%
4	Japan	3,730	0.9%	3,618	-3%	3,582	-1%	3,582	0%	3,618	1%	3,654	1%	3,691	1%	-40	-1%	-0.2%
5	Brazil	2,060	15.0%	2,205	7%	2,359	7%	2,500	6%	2,650	6%	2,809	6%	2,950	5%	890	43%	6.2%
6	Germany	1,916	2.2%	1,955	2%	1,994	2%	2,034	2%	2,074	2%	2,116	2%	2,158	2%	242	13%	2.0%
7	China	1,807	22.5%	2,240	24%	2,666	19%	3,119	17%	3,649	17%	4,269	17%	4,910	15%	3,103	172%	18.1%
8	France	1,505	3.4%	1,625	8%	1,690	4%	1,724	2%	1,758	2%	1,793	2%	1,847	3%	343	23%	3.5%
9	Korea	1,360	8.7%	1,442	6%	1,514	5%	1,574	4%	1,637	4%	1,703	4%	1,788	5%	428	31%	4.7%
10	Australia	1,205	7.4%	1,277	6%	1,303	2%	1,342	3%	1,396	4%	1,452	4%	1,510	4%	305	25%	3.8%
11	India	859	18.6%	936	9%	1,011	8%	1,072	6%	1,136	6%	1,205	6%	1,265	5%	406	47%	6.7%
12	Italy	839	0.9%	948	13%	1,005	6%	1,045	4%	1,076	3%	1,109	3%	1,109	0%	270	32%	4.8%
13	Venezuela	788	16.8%	670	-15%	469	-30%	422	-10%	430	2%	465	8%	535	15%	-253	-32%	-6.3%
14	Colombia	748	24.2%	875	17%	980	12%	1,059	8%	1,133	7%	1,212	7%	1,285	6%	537	72%	9.4%
15	Argentina	686	11.7%	720	5%	728	1%	742	2%	764	3%	795	4%	835	5%	149	22%	3.3%
16	Spain	620	2.1%	682	10%	709	4%	723	2%	738	2%	745	1%	760	2%	140	23%	3.5%
17	Netherlands	589	-0.4%	619	5%	631	2%	644	2%	650	1%	657	1%	670	2%	81	14%	2.2%
18	Sweden	477	7.8%	534	12%	566	6%	583	3%	600	3%	618	3%	637	3%	160	34%	4.9%
19	Switzerland	473	-0.7%	506	7%	516	2%	527	2%	537	2%	548	2%	559	2%	86	18%	2.8%
20	Taiwan	385	32.5%	404	5%	420	4%	437	4%	454	4%	468	3%	487	4%	102	27%	4.0%

* Note: beginning with 2014 data, the annual arrivals forecasts include a technical data-processing change that increases the 1+ night visitor counts compared to previous forecasts. This change varies by country, but increases the overseas (net) visitor count for 2014 by approximately 5% compared to 2013 based on monthly arrivals through April 2014. Thus, the 2014 country volumes and change metrics are not comparable to 2013 data and the 2019 versus 2013 change metrics are not comparable to previously-released forecasts for Grand Total, Overseas (net) and each of the 18 overseas countries. The technical processing change does not impact volume forecasts for Canada or Mexico. For more information about the changes to the monthly arrivals program, visit our website at: <http://travel.trade.gov/research/programs/i94/description.html>.

CAGR = Compound Annual Growth Rate, the average annual rate of growth over the forecast period, including compounded growth.

Overseas includes all countries except Canada & Mexico.

Sources: U.S. Department of Commerce, ITA, National Travel and Tourism Office; Statistics Canada; Banco de Mexico. October 2014.

Appendix 3: Citations

ⁱ U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Travel and Tourism Satellite Account (TTSA), 2013 Total Tourism Employment divided by U.S. Department of Labor, Bureau of Labor Statistics, Total Non-Farm Employment, 2013.

ⁱⁱ TTSA, Table 6, *Employment and Compensation of Employees by Industry*, 2012.

ⁱⁱⁱ U.S. Travel Association, *Economic Impact of Travel & Tourism*.

^{iv} UNWTO World Tourism Barometer, Statistical Annex, Volume 12, October 2014.

^v Tourism-related spending estimates released by the UNWTO exclude passenger fares, which, for obviously reasons, represent a major component of travel and tourism. As a result, UNWTO spending estimates could be understating total spending on travel and tourism by upwards of 25 percent or more. For example, U.S. residents spent \$136.7 billion abroad in 2013, of which \$32.0 billion (23 percent) was spent on foreign carriers. Therefore, it is safe to assume that actual spending by these countries was considerably higher than those being reported by the UNWTO.

^{vi} Of the \$215 billion in total international visitor spending in the United States, \$41.6 billion was spent on U.S. carriers (passenger fares) and is subtracted from the total for comparative purposes when calculating market share.

^{vii} See Appendix for calculation.

^{viii} UNWTO Tourism Highlights, 2015 Edition. Based on 2013 data.

^{ix} Arrivals from Australia posted the following rates of change: -+25 percent, +15 percent, +8 percent, and +7 percent in 2010, 2011, 2012, and 2013, respectively.

^x The Bureau of Economic Analysis now uses a broader definition of 'travel' as a direct result of changes made to the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (BPM6). The broader definition includes education-related and health-related travel and expenditures on goods and services by border, seasonal, and other short-term workers. For more information, please visit: < <http://travel.trade.gov/pdf/restructuring-travel.pdf>>.

^{xi} See Appendix for jobs-supported calculation.

^{xii} United Nations World Tourism Organization (UNWTO); this figure excludes spending by Brazilian travelers on foreign-flagged carriers (i.e., passenger fares), which is a major component of international travel. For perspective, U.S. passenger fare exports to Brazil account for more than 25 percent of total tourism-related spending in the United States.

^{xiii} United Nations World Tourism Organization, *"Understanding Brazilian Outbound Tourism,"* 2013.

^{xiv} UNWTO Tourism Highlights, 2014 Edition. Based on 2013 data.

^{xv} UNWTO spending figures exclude passenger fares (i.e., fares paid for the transport of Chinese travelers by foreign air carriers between China and foreign countries and between two foreign points), which are a major component of international travel.

^{xvi} Arrivals from China increased by 53 percent, 36 percent, 35 percent, and 23 percent in 2010, 2011, 2012, and 2013, respectively.

^{xvii} The Bureau of Economic Analysis now uses a broader definition of 'travel' as a direct result of changes made to the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (BPM6). The broader definition includes education-related and health-related travel and expenditures on goods and services by border, seasonal, and other short-term workers. For more information, please visit: < <http://travel.trade.gov/pdf/restructuring-travel.pdf>>.

^{xviii} See Appendix for jobs-supported calculation.

^{xix} Though not a state, the District of Columbia welcomed nearly 7 percent of all arrivals from Germany in 2013.

^{xx} UNWTO spending estimates exclude passenger fares, one of the largest components of travel and tourism.

^{xxi} This estimate includes passenger fares (i.e., what visitors from Germany spent on U.S. carriers to get here). To calculate the share of global German spending, one would have to remove \$1.7 billion (passenger fares) from total spending in the United States, given that UNWTO estimates exclude this figure. In this case, our share of the German outbound market is calculated by dividing \$5.6 billion (spending, sans passenger fares) by \$91.4 billion (global spending on travel and tourism); therefore, the United States received roughly 6 percent of total German spending abroad.

^{xxii} UNWTO Tourism Highlights, 2015 Edition. Based on 2013 data.

^{xxiii} Euromonitor International is an independent provider of market research, including historic trends and forecasts.

^{xxiv} Arrivals from Japan posted the following rates of change: +16 percent, -4 percent, +14 percent, and +1 percent in 2010, 2011, 2012, and 2013, respectively.

^{xxv} The Bureau of Economic Analysis now uses a broader definition of 'travel' as a direct result of changes made to the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (BPM6). The broader definition includes education-related and health-related travel and expenditures on goods and services by border, seasonal, and other short-term workers. For more information, please visit: < <http://travel.trade.gov/pdf/restructuring-travel.pdf>>.

^{xxvi} See Appendix for jobs-supported calculation.

^{xxvii} UNWTO Tourism Highlights, 2015 Edition. Based on 2013 data.

^{xxviii} Arrivals from South Korea posted the following rates of change: 3 percent, 9 percent, and 9 percent in 2011, 2012, and 2013, respectively.

^{xxix} The Bureau of Economic Analysis now uses a broader definition of 'travel' as a direct result of changes made to the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (BPM6). The broader

definition includes education-related and health-related travel and expenditures on goods and services by border, seasonal, and other short-term workers. For more information, please visit: < <http://travel.trade.gov/pdf/restructuring-travel.pdf>>.

^{xxx} See Appendix for jobs-supported calculation.

^{xxxi} <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2999456>

^{xxxii} UNWTO Tourism Highlights, 2015 Edition. Based on 2013 data.

^{xxxiii} Arrivals from the United Kingdom posted the following rates of change: -1 percent, -0 percent, -2 percent, and +2 percent in 2010, 2011, 2012, and 2013, respectively.

^{xxxiv} The Bureau of Economic Analysis now uses a broader definition of 'travel' as a direct result of changes made to the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (BPM6). The broader definition includes education-related and health-related travel and expenditures on goods and services by border, seasonal, and other short-term workers. For more information, please visit: < <http://travel.trade.gov/pdf/restructuring-travel.pdf>>.

^{xxxv} See Appendix for jobs-supported calculation.

^{xxxvi} Brand USA Marketing Plan, February 2013.

^{xxxvii} Ranked by 2019 forecasted arrivals.

^{xxxviii} Ranked by 2015 Market Prioritization Model; the nine countries included in Brand USA's consumer campaign launch was based on 2013 results.

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